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## **East Europe**

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# East Europe

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28 January 1992

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### Religious Teacher on Political Development

92BA0185A Sofia DEMOKRATSIYA in Bulgarian  
18 Nov 91 p 4

[Interview with Prof. Nikolay Madzhurov, head of the Department of Christian Apologetics in the Faculty of Theology of St. Kliment Okhridski Sofia University, by Vesela Dzherekarova; place and date not given: "The Church Cannot Turn Its Back on Politics"]

[Text] [Dzherekarova] Before the elections, you and the entire teaching staff of the Faculty of Theology appealed to all clergy to vote only the blue ballot. By this act of yours, are you not reinforcing the existing suspicions of the church and its traditional accommodation and time-serving to authority and to political trends and forces of the day?

[Madzhurov] In the appeal of the Faculty of Theology at St. Kliment Okhridski Sofia University, a position was expressed rather than "accommodation and time-serving to authority," as you put it. This appeal was a result of two years' reflection, of regularly following the spiritual and ideological situation in our country, of careful scrutiny of what was being written in the press and said on the radio and television by politicians, of searching and close familiarization with their party programs. Hence, this was no sudden, spontaneous decision of ours or any political metamorphosis.

It is no secret that, of all the parties and movements, only the SDS [Union of Democratic Forces] clearly and specifically expressed its position toward religion and the church and, more particularly, toward the Bulgarian Orthodox Church. The heart of every believer rejoiced to read the SDS program, which put into writing the following: the adoption of a new law on ecclesiastical matters rejecting the monopoly of the state; the optional introduction of religious instruction in the schools; a Bible for every home; recognition of the church's preaching activities through national mass information media; the opening of Sunday schools in the churches and the creation of youth religious organizations—in a word, assistance in the renewal of the Bulgarian Orthodox Church; democratic organization of a national church synod; the right of the church to assign garrison priests to open, manage, and finance hospitals and orphanages; and the immediate return of church properties, monastery lands, churches' icons, and so forth.

[Dzherekarova] What is your opinion of the SDS leaders?

[Madzhurov] It is known that the SDS leader Mr. Filip Dimitrov is a deeply religious person. In his speeches, he constantly emphasizes that, without morality and religious faith, there is no true democracy or happy life. His newly published book, *Ibo Zhiviyakha, Gospodi* [Because They Lived, O Lord], is simply permeated with biblicisms, Christian doctrine, and fear of God. One of the SDS deputy chairmen is a monk, Khristofor Subev. I am closely acquainted with him because he is my former

student and defended an excellent graduation paper under me. He is a cleric who is modest, godly, honest, and an uncompromising champion of Holy Orthodoxy. Father Subev promised before the elections that, if he were elected, he would not close his eyes in sleep until the National Assembly had drawn up and adopted a democratic law on ecclesiastical matters. And I believe that he will keep his promise. There are also other party leaders and prominent politicians in the SDS who are believers in God. All this orients us toward the SDS. We will naturally be for those who are closest to us, who, together with us, will champion the affirmation of Christian values.

[Dzherekarova] Do you think that by making this choice of yours in politics some of you are thus avoiding future accusations of ties to the old atheistic regime?

[Madzhurov] My colleagues and I are not politicians. This is a question of the leaders of the individual parties and movements. Personally, in politics I am an adherent of the wise maxim, "The best politics is less politics!" Still, we cannot turn our backs on politics or remain aloof from it. The SDS blazes, in detail, a trail for moral unity of the nation. What does this mean? In every community there should be peaceful relations. Freedom and democracy should be guiding forces. Concern for the weak should never cease. Mutual assistance should be generous and constant. Economic deprivations and hardships should be minimized and abolished. Readiness to make personal sacrifices in service to others and to the whole of society must be reckoned a worthwhile attribute, a great merit and source of pride. The greatest wealth is the people. The overcoming of interethnic tension and the achievement of the nation's unity. Bulgaria in a common European home.

These, frankly speaking, are Christian values. The Saviour Jesus Christ expressed the ideal of unity many times. He formulated this ideal even in the final hours of his earthly existence in the famous prayer in the Garden of Gethsemane, "That they may all be one" (John 17:21). Whosoever has pure spiritual vision can readily see at every step in the letter and between the lines of the Gospel the expression of this social ideal of Christian morality, but only pure, uncompromised pastors! Hence, the point here is not some "choice in politics" but much more important things, the protection of universal Christian and human values. As for the suspicion that some of us with this "choice of ours in politics" are attempting to "avoid future accusations of ties to the old atheistic regime," let me respond in the words of Holy Writ, "For what man knoweth the things of a man, save the spirit of man which is in him?" (1 Cor. 2:11). Perhaps there are indeed such things. But in this I see nothing blameworthy. Once there is motion, there is also change. Once there is awareness of guilt, there is also forgiveness.

**SDS, BSP Allegedly Share Economic Views***92BA0173A Sofia 168 CHASA in Bulgarian 12 Nov 91  
p 10*

[Article by Valentin Mollov: "In Their Dreams of Being Poor Capitalists, the Union of Democratic Forces and the Bulgarian Socialist Party Act Like Twins"—first paragraph is 168 CHASA introduction]

[Text] The privatization concepts proposed by the basic political forces in Bulgaria end with the building of communism.

Bulgaria is a modern, leftist country in East Europe, in which a very great deal is being said and written about privatization, but nothing has been accomplished other than creating an agency staffed with officials.

By the end of 1991, as was the case by the end of 1989, the private sector accounted for no more than 4 percent of total ownership.

Three governments after 10 November 1989 were able to postpone privatization, while trying to convince us that they could develop market relations without any change in ownership. The parliament and the new government have no choice other than to turn privatization into economic practice. The results of the elections lead us to be optimistic in this respect.

The privatization practice of other countries cannot provide us with ready-made prescriptions. Particularly alarming is the fact that, in all East European countries, privatization has been accompanied by a number of problems. The results have been more modest than expected, and we are soon to witness the failure of the privatization Yeltsin promoted by decree.

In our country, given the lack of a concept on privatization, the two main political forces offered us two different mechanisms.

The mechanism offered to us by the BSP [Bulgarian Socialist Party] has long been known: privatization with bonds and nationwide privatization (something like a national state but not exactly), which would nurture the illusion that every Bulgarian is an owner (granting ownership in the managing of enterprises by labor collectives—T. Zhivkov, 1986-87 concept) or the idea of a social market-oriented economy.

What is the purpose of this? The only wish of the former ruling party is for it to retain its influence over the economy, proceeding from the fact that it does not have the expectation of running the state again soon. Corporations thus established with privatization bonds would still be managed by those same people of the past but would no longer be controlled by the state, which would be governed by what was previously the opposition.

In this case, the moral speculation consists of the anticipated individual privatization bonds (I would describe

them as binding bonds), which remain forever the property of the person and cannot be sold. In this case, with an openly cynical attitude, the slave is being told that the land (or any property, in general) is his but that he also remains part of the property.

One should not be surprised at attempts to insinuate that we are now living poorly but that this is inevitable while privatization is under way. Following privatization, the people will become owners, and the economy will stabilize and revive. We shall begin to live better. Any attempt at intimating that privatization would automatically resolve social problems is demagoguery. It is a mixture of populism and social cynicism. We are familiar with this trick of making sacrifices for the sake of a bright future.

In the 1950's, the sacrifices were for the sake of communism. In 1962, the BCP [Bulgarian Communist Party] even announced the precise date when communism would come—in 1980—thus ensuring for itself the possibility, for almost 20 years, of explaining and justifying misfortunes related to the building of a system of great fairness. The danger now is that the misfortunes will be linked for the next 20 years to the expected miraculous privatization. Unfortunately, the real truth is entirely different!

If a worker is given privatization bonds worth 10,000 leva, and should it turn out, in the best of cases, that the company is not losing but is paying a modest dividend, the worker will be neither owner nor rich and once again will ask why he has to work much and live less well.

Privatization with bonds is the latest slightly improved version of the myths of public ownership.

In the 1960's, when the idea of nationwide ownership under communism was launched, our parents asked themselves how they could obtain one eight-millionth part of the total national property. At least now this question facing us, their heirs, will be answered with the privatization bonds.

This is both democratic and communist.

We heard about the second mechanism in the "Sunday 150" broadcast, on 27 October 1991. A member of the SDS [Union of Democratic Forces] explained the concept of the ruling party in discussing the consistency and priorities of draft legislation to be submitted to the National Assembly: restitution, followed by privatization. This fully coincides with the interests of not only private business but also of a high percentage of the Bulgarian people.

The privatization mechanism, as it was presented, suggests an apparently paid for privatization, in the course of which the stock of state companies will be purchased with pension funds, health funds, state savings bank assets, and citizens' private savings. This mechanism, as we may see, may become an improved edition of the state subsidies to losing companies (are there many



companies in our country that are profitable?) and will develop the illusion of a market privatization. Unanswered here is the question of who will assume responsibility for risking the old age, the health, and other savings of the Bulgarian citizens deposited in the State Savings Bank. That is because hardly anyone believes that there are so many profitable companies in Bulgaria that investing these funds in such "profitable" companies would constitute a sensible risk. Frankly speaking, it is an adventure, an unreasonable risk at someone else's expense. A close analysis makes it clear that economists who are suggesting the mechanism for this type of privatization totally ignore the fact that introducing the element of private business is aimed at improving the management of the companies and finding new and efficient sources of raw materials and markets. Obviously, this will not be achieved with the participation of pension and health funds. Unlike the former, this latter mechanism faces the enterprises, which have thus become shareholding enterprises, directly dependent on the state administration, which also has nothing in common with a market-oriented economy. Here is an example: If the pension fund participates in a shareholding company with 50 percent, once again the owner is the state, represented by the minister of labor and social welfare. The purpose is to guarantee in the future the political power of the present rulers through direct management of the economy.

The critics of this study will probably attack it immediately, referring to contemporary forms of ownership in the developing countries with market economies, cultivated over the course of centuries.

Pension funds are among the biggest owners in countries with developed market economies, countries with which we are trying to apply an analogy absolutely groundlessly.

To invest money that guarantees the pensions and the health of a nation is sensible, provided our economy has a larger number of profitable than losing enterprises.

The general conclusion is that both suggested mechanisms aspire at concealing the lack of an overall, specific, and profound concept of privatization, regardless of the statements made by the two leading political forces.

The study of the two mechanisms indicates that they, like two sides of a coin, are aspiring to preserve the economic levers and influence within the country, enjoyed by either political force.

The true objectives of real privatization—that is, the creation of economically independent subjects and, hence, of citizens who are free from political manipulations—is not in the least part of the plans of the SDS or the BSP in the light of the privatization mechanisms they have suggested.

It is through the suggested ways that a market-oriented economy will remain, as in the past, only in the sphere of propaganda. Naturally, when it comes to failures, everyone will be blamed except those who are in charge of implementing the reform in Bulgaria. The attempt at building communism, even without the communists, concealed behind various mechanisms and terminologies, leads to a struggle that is doomed to failure because it opposes the basic laws of a market-oriented economy. The maxim, concealed behind slogans of a social-market economy, is if there has to be capitalism, at least let the capitalists be poor. That will not be the case with the participation of honest Bulgarian businessmen.

**Parliament Reorganization Proposals Compared***92CH0274A Prague MLADA FRONTA DNES in Czech  
8 Jan 92 p 6*

[Article by Zdenek John: "What Parliament Will There Be?"]

[Text] In one respect the fate of the president's proposal for a new form of our parliament is the same as the fate of the election law. In addition to the president's version, the committees of the Federal Assembly will again deal with a counterproposal which, as a matter of fact, was submitted by a group of deputies.

**Transparent and Inexpensive**

In essence, the president's concept concerns a 200-member federal assembly to which voters on the entire territory of our federation elect their representatives. Vaclav Havel stipulates that particular number because—as he stated—"the tradition of a 300-member parliament dates back to an era when we used to be a unitarian state and thus, when the republics had no parliaments." Still, the ratio of the number of deputies to the number of voters would be slightly higher than in neighboring European states. This concept of the federal assembly does not allow for veto by the majority—in other words, the deputies from the Czech lands and from Slovakia would vote jointly.

The federal council, which according to President Havel's proposal should have its seat in Bratislava, would operate independently of the "federal system." The federal council would have the right of returning the laws to the federal assembly which in such a case would have to use a veto by a majority. The electorate would not vote directly for the members of the federal council; instead, the deputies of national councils would nominate 30 representatives from their own ranks (the federal council would automatically include the successors of Dagmar Buresova and Frantisek Miklosko—in other words, the chairmen of the parliaments of the republics). Precisely this principle of indirect election of representatives to the federal council has provoked so many objections from the current assembly of our deputies. On the other hand, to support his idea, Vaclav Havel maintained that "this system is simple, inexpensive and transparent." Then with an obvious allusion to the advocates of the confederative system he said that at a later date this form of constitutional assemblies might facilitate a potential transition to a federation of several members.

**Deputies With Two Versions**

There are two versions of the proposal drafted by the deputies. One supports the president's concept of a unicameral parliament and the federal council, while the other envisages a bicameral parliament composed of a house of representatives and a senate.

President Havel is fully aware that thus far the version that is more at variance with his proposal—namely, the version of a bicameral parliament with a 200-member house of representatives and a 100-member senate—has gained greater support in the halls of the parliament. This prevailing attitude could not be swayed even by the president's recent address in the Federal Assembly where he noted that "the senate would be just another form of the existing House of Nations, and if located in Bratislava, it would make the present cumbersome structure even more cumbersome." Furthermore, Havel declared that it could not bridge the chasm between the parliaments of the republics and the federal parliament, and all it could create is a "new stratum of Czech federal officials in Bratislava."

Thus, the deputies proposed that 50 Czech senators and 50 Slovak senators (over 35 years of age) be members of the Senate where the majority would have the right of veto. The senate would express its views on laws passed by the house of representatives. Naturally, a law would become applicable only if approved by both houses. If the senate adopts another version of a law, then that law must be returned to the house of representatives for a review. This is in accordance with the well-known principle of procedures for negotiations between both houses. Moreover, the president may send a law back to the house of representatives.

The version that proposes a unicameral parliament (with 200 or 300 members) resembles the president's proposal in several aspects. The consent of the absolute majority of the Czech deputies and the same consent of the Slovak deputies are required for a law to be passed in that parliament. In case of constitutional laws and declarations of war, the approval by three-fifths of the representatives is needed. In addition, the federal council must approve declarations of war.

Both versions submitted by the deputies presume that the number of members of the presidium will be considerably lower. That important body would have ten members; if the parliament is dissolved, it will issue the so called legal regulations until another parliament has been organized.

The fact that the representatives of all political clubs have signed the deputies' proposal demonstrates that—as in case of the election law—the supporters of the president's ideas will be in minority. However, only the vote at the January meeting of the current Federal Assembly can provide a definite answer.

\* At a meeting of the committees for military security at the Federal Assembly the first vice chairman of the Federal Assembly, Zdenek Jicinsky (Civic Forum), declared that the political association had endorsed the concept of a bicameral parliament consisting of a house of representatives and a senate. The other version which, like the president's proposal, envisages a unicameral parliament and a federal council, was rejected.

### SNR Vice Chairman on Draft of Constitution

92CH0272A Bratislava SLOVENSKY DENNIK  
in Slovak 4 Jan 92 pp 1-2

[Interview with Ivan Carnogursky, vice chairman of the Slovak National Council, by M. Kodonova; place and date not given: "Let Us Throw Away a Comfortable Myth"—first three paragraphs are SLOVENSKY DENNIK introduction]

[Text] Today we present the full text of the draft of the constitution of the Slovak Republic, a document prepared carefully and painstakingly over a considerable period of time. This draft of basic laws is the result of the cooperation of political parties and movements, and coordination of several of their standpoints and proposals.

Soon after it appeared in our press, citizens' comments began piling up in the office of the SNR [Slovak National Council]. The commission that has drafted the constitution is processing them with the help of computer technology. The office of the SNR will accept comments on individual chapters and articles until 21 January and have them processed by 15 February. It is vitally important, above all, for the adherents of the new political force on our scene—the Christian Democratic Movement—to contribute to the discussion their informed recommendations or expressions of agreement with their chosen alternative. There are several reasons why we should consider that our duty: Only the presence of Christian thought can guarantee full implementation of certain basic human rights, such as, for example, protection of life before birth. Moreover, we should realize that our opposition has at its disposal skillful lawyers who had won their spurs as experts during the totalitarian era and who will try more or less covertly to apply their experience also to our constitution. We are providing such an opportunity by our lackadaisical attitude. It is therefore necessary to throw away the comfortable myth that in one way or another, someone else will make decisions for us.

In order to stir up the deputies of the KDH [Christian Democratic Movement] and their voters to action, we asked the first vice chairman of the SNR, Ivan Carnogursky, a few questions about how to correctly understand the draft of the constitution of the Slovak Republic.

[Kodonova] The envisaged draft of basic laws seems rather demanding, if for no other reason, then because it contains also alternative solutions, that is, essentially statutes on which so far no agreement has been reached...

[Carnogursky] From the draft submitted to our public for its consideration, one may identify four different types of constitutions which will determine the form of our future constitutional system. Three of them presuppose the existence of a common state, while the fourth counts on a federation of states or some other free-form arrangement with other European states, including the Czech Republic.

One of the presumed options would preserve the current structure of the federation; basically, this concerns the existing common state with a tendency toward a unitarian system. It presumes that the Slovak and the Czech Republics will conclude a state treaty as outlined in chapter ten of the draft.

The second type concerns in essence a common state of two sovereign republics with their own international subjectivity, that will cooperate on the basis of a state treaty. Here it regards the presidium of the SNR as the collective head of the state. The third type also presupposes the existence of two sovereign republics, which, however, would have two presidents and which would organize their essential joint federal agencies on the basis of a state treaty. The second and third types envisage joint defense, currency and foreign policies. And finally, the fourth option anticipates a free-form union, a confederation of states without federal combinations where coordinated procedures in certain matters are envisaged.

[Kodonova] The often posed question about Slovakia's international subjectivity is frequently connected with the already notorious postulate of our own chair in the European community. However, as the recent summit meeting of the European community in Maastricht indicates, our potential integration in the European community is not a political but an economic issue, and the low rate of our economic productivity will hinder our acceptance more than legal subjectivity....

[Carnogursky] Already now, while the budget is being discussed, it is clear that for us it is a great luxury to support the federal administration. If 30 billion korunas [Kcs] is spent for that apparatus and if one-third of that amount is Slovakia's share, that in itself means a Kcs10-billion surplus in Slovakia's current budget. Such funds could be finance our dynamic economic development.

[Kodonova] Do you think that a public discussion could bring satisfactory solution to our current domestic situation and contribute to our national reconciliation?

[Carnogursky] It seems that at this time our nation is already more or less decided. About 80 percent of the Slovaks no longer want to live in the same kind of state as heretofore. About 20 percent of our citizens want complete abolition of the federation. Obviously, most Slovaks do support a common state with precisely defined powers. A discussion may contribute to a reconciliation in that sense that the deputies will have to conform to its conclusions.

### Comment on Draft of Slovak Constitution

92CH0284A Prague CESKY DENIK in Czech  
11 Jan 92 p 3

[Commentary by Peter Schutz: "Pausing Over the Plate of Constitutional Goulash"]

[Text] All of the Bratislava dailies have already published the proposed text of the Constitution of the SR

[Slovak Republic] which a decree by the SNR [Slovak National Council] released for public discussion. After reading and studying it, I paid homage to all those who have chewed their way through this unrealistic concoction to the end without giving up or falling asleep. Perhaps only an experienced constitutional lawyer has any kind of chance to find his way through this obtuse and confusing array of articles, paragraphs, chapters, and their alternatives. The delegates of the ODU-VPN [Civic Democratic Union-Public Against Violence], with whom I spoke, are already frustrated today thinking of the day they must meet on this text in parliament.

As I have already indicated in Monday's commentary, the basic reason is the absence of a political decision regarding a constitution for what kind of state is involved here. The result is a bizarre trinity—there are actually three proposals within a single text. Three different constitutional concepts, based on different interpretations of the initial state of law have been worked into a single presentation which also contains more varying notions regarding the constitutional standing of Slovakia in the future.

Within the text, the initial line ascribed to the KDH [Christian Democratic Movement] predominates palpably. It is based on the design of a so-called clean or full constitution, based, as is well-known, on the fashionable incantation dealing with "creating the federation from below." All references to a joint state in this concept do not come together until Chapter 10 which is titled, accordingly, "The Joint State." There, we find a complete federal agenda, including a hypothetical state treaty. If the treaty does not come about, Chapter 10 is discarded and we have the constitution of an independent Slovak state.

The fact that Slovakia continues to be a part of a composite state is not felt until one comes to the second plan, thanks to the alternatives inserted in the text by the remains of the ODU, DS [Slovak Democratic Party], MNI [Hungarian Independent Initiative] coalition. This is the second, let us say, the federal line, and, understandably, the only one which is acceptable. Approval of the profederal alternatives simultaneously presupposes the discarding of an entire regiment of "clean constitutional" articles.

The third line essentially copies the first until the critical 10th chapter where the "joint state" has an alternative in a "federation of states." This is a naive, incongruous, and incomplete projection of a confederate alliance with anyone, which carries the legible handwriting of the SNS [Slovak National Party] and the HZDS [Movement For a Democratic Slovakia]. The level of processing is apparent from the level of the processors. It is only a bit of a mystery to contemplate how these parties, which are represented on the 10-member commission by two individuals, were able to push this extreme separatist alternative into the text.

The combination and the permeation of "clean" and "unclean" alternatives in the constitutional proposal is, unfortunately, not the only weakness in this "catastrophe gone crazy," as a certain constitutional lawyer has evaluated the proposal. An entire series of contradictory and outright nonsensical themes runs through the constitutional proposal like a leitmotif. There is no room to list them all. I will only list some of the precious statements contained in the bit of constitutional folklore.

The very second paragraph of the first article of Chapter 1 states that the Slovak Republic is, among others, also a socially just state. This is not true and will also not be true so soon. This is a matter of declaration involving something which cannot be specified in more detail, nor described, not to mention that it cannot be legally outlined. A similarly nonsensical political declaration is contained in Article 57—"The economy of the SR is based on the principles of a socially and ecologically oriented market economy." I would be very interested in seeing how it is possible to determine how a market economy can or cannot be social or possibly ecological in nature. Empty political declarations have no place in a constitution.

Articles 71 and 88 are examples of absolute schizophrenia. The former article authorizes the SNR, on the basis of constitutional laws, to make decisions pertaining to joining a confederation with other states and withdrawing from such arrangements; the latter article entrusts this authority to a referendum. What will happen if the SNR creates a confederation with the Congo on the basis of constitutional law and if a referendum rejects such a confederation at the same time? I only see one solution—the SNR will join the confederation. And now a piece of candy for citizens of the Czech Republic who reside permanently in Slovakia. They should know that, according to Article 169, they have the same rights as do citizens of the Slovak Republic...provided this constitution does not stipulate otherwise. A tempting prospect, is it not?

The mockup period for the proposed constitution ends on 31 January, the editorial adjustments follow and, in April, the constitution could show up at the plenary session. If it were being approved today, none of the three determining lines would have a chance of obtaining the essential three-fifths majority vote. Making prognoses for three months ahead is completely hopeless, given the dynamic movement on the Slovak political scene, particularly if it is not known how the state treaty will fare. Only one thing is certain. By fielding this goulash proposal of a constitution, the commission of SNR delegates demonstrated its absolute incompetence and compromised the organization which it represents.

#### **ODU-VPN Deputy on Nationalism, Czechoslovakism**

*92CH0259A Prague RUDE PRAVO in Czech 13 Dec 91 pp 1, 13*

[Interview with Frantisek Sebej, parliamentary representative of the Civic Democratic Union-Public Against



Violence, by Marie Koenigova; place and date not given: "I Do Not Believe the Myths About the Puberty of a Nation"]

[Text] According to public opinion polls, the popularity of Public Against Violence [VPN] has dropped considerably during the last few months. The movement, which won the last elections, now on average appears in fourth place on the popularity scale in the SR [Slovak Republic]. We talked to Frantisek Sebej, the parliamentary representative of the VPN—now changed into a party called the Civic Democratic Union-VPN [ODU-VPN]—and chairman of the Foreign Committee of the SN [House of Nations], about the reasons for this situation and about the way in which the party intends to win back potential voters.

[Koenigova] We will start with a question that you will surely find very pleasant—your popularity is dropping.

[Sebej] That is behind us now. I believe that we are moving upward again. The drop was our fault—we were unable to make ourselves more clearly defined, more comprehensible. After all, public opinion polls clearly demonstrate the percentage of people who advocate the same opinions as we do in relation to the economic transformation, the future of the state, and other crucial problems, yet they do not identify them with the VPN. That is our fault, our amateurishness in respect to the media.

[Koenigova] Does that mean that you are becoming professionals?

[Sebej] No, but I would say that we are becoming more active in specific situations.

[Koenigova] Wasn't it the Meciar affair that started the decline?

[Sebej] It certainly hurt us. He has the great talent of saying what people want to hear at a given moment. He certainly did not lack clarity. On the other hand, the affair helped us in the long run. Structurally, Meciar helped us become a well-defined political entity. The VPN was a purpose-oriented group whose aim was to overthrow the former regime. And now entities with differing political opinions are beginning to form from it. I think this is positive. Unfortunately, it cannot be done without emotions. But we should have expected that.

[Koenigova] Most political parties focus on outstanding individuals. However, when the attempt was made to remove A. Dubcek from parliament it became apparent that the VPN does not have any such individuals who would be acceptable both to the Czechs and to the Slovaks. What do think?

[Sebej] In all humbleness, I believe that we have more unique individuals than any other political entity in Slovakia. I mean in numbers.

It is true that none of them are leading figures such as Klaus, but we have our Lagos, Porubiak, Kucerak, Gal,

Miklos, Calfa—i.e., people who really have shape and substance. We even have Miklosko who, from my point of view, is a problem, but I have no doubts about his sincerity. Widespread public opinion and popularity do not always reflect the quality of the individual. I consider a person's popularity to be less important, although I realize that it is absolutely necessary in order to gain the votes and trust of the voters. It is a feature of democratic politics—just look at the teams of experts who work on the presidential campaigns in the United States. And it is obvious that whenever one needs the support of voters, it is better to turn to their subconscious rather than to their reason. As an intellectual, I basically do not want to come to terms with this, but I am afraid that the average person has enough to do dealing with the problems of his personal life and does not have time or the ability to concern himself with high-level politics.

[Koenigova] Isn't that why people are generally beginning to turn away from politics?

[Sebej] There are a lot of reasons for this. In well-established democratic states, where there is both a functioning political and economic system, people are not interested in politics. This is a situation we must aspire to attain—a situation where a citizen of our country will be assured that his personal life will not be affected in any major way because of a change in a few members of parliament or a few ministers in the government, due to the fact that the system as a whole is sufficiently stable. I would not say that our people's attitude is indifference. Many people have lost their illusions, they have become apathetic—simply stated, they were not prepared for the extreme complexity of the birth of a new political spectrum. They do not understand it, they do not feel they have to understand it, and they are disappointed.

[Koenigova] In your opinion, do they have a reason to be disappointed?

[Sebej] No, they do not. Because, despite all the difficulties, the development in our country is basically positive. Everything that is happening was expected—everything was predicted beforehand: unemployment, the drop in production. And the state is doing all it can to prevent poverty. In fact, I believe that support is being paid out in a way that other states would consider to be more than generous. The amounts paid are so high that many people do not even feel the necessity to look for work. It was an unpleasant surprise for me to see how few people are able to accept the fact that the state has stopped being the guarantor of their personal success or their personal security, and that every person is responsible for himself. The conditions have changed—for many people they have become worse but, on the other hand, they have also improved for many people. There are people who are capable of becoming rich, and there are others who will be dependent on them for employment.

[Koenigova] What if the disillusionment is combined with nationalism? By the way, do you also believe that



the present increase in nationalistic sentiments is a consequence of the past 40 years?

[Sebej] No, nationalism is nothing new, nor is it unique to us. It is not even unique to postcommunist regimes. Nationalism has died or has come to life in various regions in the world during the last decades. I believe that it is a kind of purposeful return to the archaic model of social group behavior with the aim of surviving successfully. I believe that this search for a collective identity always results when the number of people who find themselves without social securities exceeds a critical limit. Therefore I would say that nationalism is not unique to us and nor would I blame everything that is happening on nationalism. I do not believe the myths about the natural ontogenesis of a nation—about the way that it experienced childhood, puberty, youth, and adulthood which is overseen by pure-blooded ministers and presidents. But I do believe in the usefulness of a collective identity, which, at this stage, I would like to see as state identity. In English, nationality does not mean belonging to an ethnic group but to a state. That is why a Puerto Rican citizen of the United States is proud to be an American; a Frenchman may be a Celt or a Roman. But collective identity also has a negative side—when the aspect of setting oneself apart from others predominates over the positive aspect of belonging to something. This is accompanied by the birth of exclusivity, a kind of hatred, a searching for radical causes for one's own problems. Thus the Slovak nation is suffering because it is being cheated by the Czechs, the Hungarians, and the Russians.

[Koenigova] Why can't a Slovak be proud that he is a Czechoslovak?

[Sebej] I am one of the Slovaks who are also Czechoslovaks. I am proud to have a president who is respected throughout the world, I am proud that we have people like Comenius in our past.

[Koenigova] Recently you stated that the whole problem of nationalism was forced on the Slovaks. How did you come to that conclusion?

[Sebej] I still insist that it was forced on the Slovaks. Not from outside, but by a specific group of Slovaks. And this, without a doubt, jeopardizes the existence of a common state.

[Koenigova] However, some of the people who think in this manner are representatives of the ODU-VPN, namely, Mr. Miklosko and the Slovak prime minister who are both playing the nationalist tune.

[Sebej] I, personally, would like distance myself from some of Mr. Miklosko's attitudes. Sovereignty can be from above or from below. From above—that is the sovereignty of a master. From below—that is the sovereignty of the people, which is given by the fact that every citizen can essentially intervene in public matters through his vote, that he can influence them. Sovereignty certainly cannot be realized through separating the entire

state administration, or through the fact that my communications or water management minister is a Slovak.

[Koenigova] So you are keeping your distance from Mr. Miklosko, but what about Jan Carnogursky and your coalition with his KDH [Christian Democratic Movement]? Won't the difference of opinions lead to its disintegration?

[Sebej] The coalition still exists. The fact that our opinions differ will not prevent it from surviving. But the VPN has decided to take a positive step. It has finally decided to stop taking other things into consideration, and to clearly state how it envisions our state—as a common state.

[Koenigova] Are you trying to say that you could not state this earlier, that you were prevented from doing so?

[Sebej] Simply put, we were trying to present the coalition as a unified body to the public.

[Koenigova] So you amended the way you present yourselves, after all.

[Sebej] No.... No comment.

[Koenigova] Thank you for the interview.

#### **Kalvoda Skeptical About Czech-Slovak Relations**

*92CH0282A Prague PRACE in Czech 10 Jan 92 pp 1-2*

[Interview with Jan Kalvoda, vice chairman of the Czech National Council, by Jaroslava Treglova; place and date not given: "There Are No Grounds for Optimism"]

[Text] Following some minor budgetary skirmishes, it is as though the struggle in the Czech-Slovak relationship has come to a complete standstill. Following negotiations between both national councils at Papiernica, a sort of vacuum remained, the undesirable continuation of which was perhaps to be interrupted by Tuesday's session of the Czech parliament. Representatives of that body's delegate clubs were examining materials which would allegedly facilitate a more passable way of negotiations dealing with the constitutional arrangement. We asked the vice chairman of the CNR [Czech National Council], Jan Kalvoda: "Do you share this optimism?"

[Kalvoda] This initiative within the political committee resulted in virtually nothing. I do not consider the material which was mentioned to be anything more than the consideration of a few experts. The SNR [Slovak National Council], be it in one form or another, has always been promoting a state treaty and the CNR has maintained that it is willing to conclude such a treaty, but as a constitutional initiative regarding the Federal Assembly, positions which are mutually exclusive. The previously mentioned material actually assumes both positions. Both a state treaty and also a constitutional initiative—something which is no longer much insisted upon. In the current situation, this is a solution for which there is little hope.

[Treglova] Prior to the New Year, you exchanged "letters of greeting" with Vice Chairman of the SNR Ivan Carnogursky. Even if these are only New Year's greetings, something in them appears to be out of tune. At the very least, it is a rational approach on the one side and an emotional one on the other side....

[Kalvoda] I do not believe that this is the difference involved here, but that various political goals are in the background. As far as the KDH [Christian Democratic Movement] is concerned, these goals have been clear for some time to all those who read the newspapers. The fact that a substantial portion of the representatives of Czech politics is refusing to admit that these goals exist is quite another thing. I believe that although the form of the letter received from Mr. Carnogursky is styled like a New Year's greeting, its text indicates that constitutional goals are evident and that they are incompatible with the concept of a common state.

[Treglova] Do you believe that the current unclarity of Czech-Slovak relationships will lead to the rise of a Czech national party—in other words, a party similar to the SNS [Slovak National Party] in Slovakia?

[Kalvoda] It is possible that one of the current extraparlimentary parties may put on such a garb. However, despite the fact that I am normally considered to be a Czech nationalist—I would be opposed to this. Nationalism as a program is always disastrous and undemocratic. The struggle for Czech interests must be prosecuted not under the banner of nationalism of the Czech people, but under the banner of democratic principles.

[Treglova] How do you visualize this struggle?

[Kalvoda] Czech politics had several opportunities to conduct this struggle. For example, there is the constitutional playing field—where it has full authority to press for a clear definition of the positions adopted by Slovak politics—but did not utilize this opportunity. It is temporizing. It is doing nothing. This means conducting a "struggle to delay." And it is quite likely to result in a simple victory in our Assembly for that tendency of "concessionary capitulation" in the face of Slovak demands which lead to a direct partition of the state.

[Treglova] This path has perhaps also become manifest as a result of the approval of the Czech "redistribution" budget without any kind of guarantees on the part of Slovakia, expressing the intention to live within a common state. Is this step by the CNR not irresponsible?

[Kalvoda] This Assembly first discussed the resolution calling for such guarantees and then something mysterious happened when, without anything positive occurring, it ceased calling for such guarantees. Those delegates who voted in favor of approval of this budget were apparently subjectively convinced that they were acting very responsibly. Of course, it is a responsibility in which a delegate has no right to engage. It is a "responsibility" expressed through inaction. In other words, he has done nothing that might lead to a fundamental change.

### **Slovaks Urged To Preserve Unity, Affirm Identity** *92CH0279A Bratislava NOVY SLOVAK in Slovak* 2 Jan 92 p 2

[Article by Alexander Stevik: "Let Us Restrain Ourselves and Unite"]

[Text] The past calendar year saw an increase in political differentiation among the Slovak people. This fact in and of itself does not spell catastrophe for our people, which is throwing off the federalist and super power yoke simultaneously. Super power pressure has left its mark on every nation in Central Europe. For the Slovak people, this sore was deepened the most by the Czechoslovak communist regime which put extraordinarily intense pressure on Slovak identity. It built a colonial economy based on primary production and dependence on foreign raw materials, so that the Slovak countryside stopped breathing at the moment when it attempted to assert its own independence. The ability to create an economic and political crisis and use it to pacify the state ambitions of the Slovaks, replacing these ambitions with the materialistic soil of self-preservation has become a part of the scenario written and directed from the vicinity of Prague since 1918.

The unilateral decision to convert the Slovak arms industry, as one of the first radical measures taken by the Prague government after 17 November 1989, without a replacement production program, was truly a harsh blow at the economic, social, and therefore the existential base of the Slovak family. It came at a time when arms factories the world over are humming, and continue to hum to this day turning out more and more modern weapons, while only those weapons that came from Slovakia "threatened and threaten" world peace.

This 73-year dance on the knife edge above the abyss of spiritual, intellectual, cultural, and economic genocide has left us with a heritage. We are the only people in all of Europe, and perhaps the world, to experience after World War II a decline in national consciousness, in national identification, to the point where we accuse each other in our daily lives of nationalism. It was not so long ago that we were nationalists only so we could present ourselves as Slovaks and not as Czechoslovaks, so we could say that we were from Slovakia and not Czechoslovakia. Our home country could not and cannot be Slovakia, but must be Czecho-Slovakia.

This horrible period of a Slovak dark age disrupted the national-emancipatory explosion of peoples written off by the victorious powers in Yalta and Potsdam. We, Slovaks, must therefore realize that nations with a dual yoke (the super power and the federalist), if they want to erase from their foreheads the stamp of inferiority, have no alternative but to unite all healthy forces within their people to achieve political power through national independence and the accompanying sovereignty of a people who have formed a state. In calendar 1992, each Slovak, each Slovak family, every national minority living in the Slovak Republic, must take a stand on the issue of

constitutional organization. The new Slovak parliament should therefore be able to pass a "Declaration of Independence for the Slovak Republic."

A Slovak should be able to definitively and emphatically make clear that he is not interested in the complexes and self-interest of politicians and political figures who hold two positions in parliament, in the government, in the apparatus of political parties and political movements, because a Slovak knows that his own nation, his own state, has everything that is the natural right of every people—sovereignty, domestic and international identity. A Slovak should refuse both federation and confederation. The confederalist, who is yesterday's federalist, should know when his head is clear that confederation means the further dying off of a people, when it is defined as a legal-administrative entity without any legal, or actual division of the federation into two independent and sovereign states, without the Slovak Republic being able to stand as the owner and therefore actual holder of all its rights and responsibilities on the domestic, diplomatic, and economic fronts. A Slovak should emphasize that confederation, or joint nationhood, can be considered from the Slovak point of view only after the Slovak people begin to feel at home as an international entity in the international community of living peoples, which can happen only thanks to having their own country.

Slovak families, regardless of their political differences, should adopt a united stand regarding independent statehood for their own people. Those families with mixed marriages should understand that Slovak nationhood is not directed against anyone, but that it is a condition for the honorable existence of a state-forming people and for all those who make their home on its territory.

National minorities in Slovakia should follow the examples of the minorities living in Estonia, Latvia, Lithuania, Ukraine, Slovenia, and Croatia who, including the Slovaks, support national independence for these republics and the peoples that live on their territories.

To those who try to inoculate us with a civic principle, we must emphasize that we consider it natural to integrate the population of a national state on the civic principle. We are also in favor of a civic principle so that the language of the nation forming people serves an integrating function for the population. A civic principle should rule out a situation in which a citizen of the Slovak Republic will be forced to communicate with another citizen of the Slovak republic in a world language, because one or both of them (if they are from different national minorities) does not know or does not have to know Slovak. For a Slovak, though, integration on a civic principle is unacceptable and unnatural in supranational units such as a federation. Our experiences in the CSFR have shown us that this kind of integration means the disintegration of national states, where citizens compare themselves not only by political persuasion, religious persuasion, but also national identity.

To those who tempt us with the sweet threads of economic prosperity as a reward for betraying ourselves by staying in the federation, we need to shout bravely and loudly that these calculated handouts will not help. We know that hard times await us. Our ancestors worked their fingers to the bone for foreigners for centuries, and with little difference we are still doing so today. Thank God that we at least have been working hard for our own future. Because we have one head, two hands and two feet like everyone else, we will not at this time in history pass on cowardice to the future generations of Slovaks that it is our responsibility to create. We believe in our morals, powers, and abilities.

Let us control ourselves. Let us forget about all that has divided us in the past. Let us unite in the interest of our national and state future. Let God and the people stand by us in our earthly life in calendar year 1992.

### **Peter Weiss on Contemporary Slovak Politics**

*92CH0256A Prague ZEMEDLSKE NOVINY  
in Czech 19 Dec 91 p 3*

[Interview with Peter Weiss, chairman of the Party of the Democratic Left, by Petr Novacek; place and date not given: "You are Betting on the Wrong Horse in Slovakia"]

[Text] The Party of the Democratic Left [SDL] has 47,000 members, and with a 9.6 percent voting preference rating is the third most popular party in Slovakia. Its program, which capitalizes on the harsh consequences of the economic transformation in the Slovak Republic [SR], has some chance of success with Slovak voters. It would be politically unwise to ignore this naked truth. We therefore requested an interview with the chairman of the SDL, 39-year-old Petr Weiss, after the party congress in Trencin.

[Novacek] We have noticed, Mr. Chairman, how you personally said good bye to almost every participant at the congress. That is unusual. Is it perhaps an example of working on your image, as you exhorted the delegates?

[Weiss] Why should that be unusual? It is a matter of basic respect for people. It is possible that my image is precisely that, of a person who is his own man and who does not have to stylize himself in any particular role.

[Novacek] Whatever, now with your permission I'd like to turn to more serious matters. The SDL came across at the congress as an ambitious, leftist party. Do you think that the left might win the next election in Slovakia?

[Weiss] If the current right wing government retinue continues to be blind to problems, deaf to criticism, and asocial when it comes to people, this might just happen.

[Novacek] To citizens generally, or to Slovak citizens in particular?

[Weiss] To citizens generally. But there exists here a certain phasal shift in the social and human consequences of the government conception of national economic transformation. In view of the fact that the differences in the starting points in the Czech Republic and the Slovak Republic were underestimated in the first phase of the transformation, the negative consequences were especially evident in Slovakia.

[Novacek] The Slovak left, then, in your view, has a real chance at victory. Clearly you consider Meciar's Movement For a Democratic Slovakia [HZDS] as part of the coalition, since your delegates frequently vote with them in the Federal Assembly.

[Weiss] The HZDS does not yet have a clear political profile. In addition to a clear leftist faction there are also liberal and right wing groups. The party is just beginning to crystallize. The fact that we vote together stems not only from agreement on certain objectives and interests, but also from our joint responsibility to prevent the rightist government retinue from passing everything it wants to.

[Novacek] Let's get back to those three factions in the HZDS. Could you acquaint our Czech readers by name with their representatives?

[Weiss] That, I think, is a task for Czech political publicists and analysts. They should be the ones to follow Slovak politics in detail and to express more qualified opinions on the subject.

[Novacek] If Czech journalists always receive such equivocal answers from Slovak politicians, you cannot get upset when we are sometimes not completely precise in our conclusions. But to move on: would the SDL be willing to form a coalition with the HZDS?

[Weiss] One is not enough for this, two are necessary. If there were an interest in such a coalition, it would be based on agreement in basic program items.

[Novacek] Mr. Meciar has so far rebuffed you, as far as I know...

[Weiss] That's right. The question of coalition discussions in politics is mainly a matter of the current balance of power.

[Novacek] Sociological analyses indicate that the influence of the HZDS is declining in Slovakia. Does this mean that with the upcoming elections even Mr. Meciar, like the proverbial Dalibor, might have to change his tune?

[Weiss] The influence of HZDS has not yet declined so much that it is no longer the most popular party in the SR. It would therefore not be wise to confuse one's wishes with reality. The Czech political representatives have already made this mistake once by betting on the wrong political horse in Slovakia.

[Novacek] Are you thinking of Public Against Violence [VPN]?

[Weiss] Yes, I am.

[Novacek] On which horse should they have put their bets?

[Weiss] In my opinion, the change in the balance of power this past March in the Slovak National Council and the fluctuations of the Slovak political scene retarded the process of formation of a new constitutional system that had started so hopefully...

[Novacek] But you are not answering my question, Mr. Chairman.

[Weiss] The Czech representatives should have bet on the Slovak politicians with the highest profile, those who at that time were clearly and publicly advocating a renewal of the federation, in the spirit of Trencianske Teplice. These politicians were Meciar and Dubcek.

[Novacek] That is certainly an interesting opinion, when I think back to strategy of "raising our sights" as practiced and advocated by Mr. Meciar. But let's continue with our analysis of the Slovak political scene. The influence of not only the HZDS, but also of your own SDL has declined, while that of the Christian Democratic Movement [KDH] has increased. What do you think about that?

[Weiss] Look, if I were on the television with my colleagues as frequently as Mr. Carnogursky, that minimal difference in the favor of the KDH would certainly be reversed, to the favor of the SDL, and the party would then not be so inconspicuous.

[Novacek] The KDH will certainly keep the media under its control as long as possible. This is not likely to change before the elections, don't you think?

[Weiss] It is not just a question of the media. The KDH, thanks to a quiet, persistent effort also controls key positions in the government administration of the SR.

[Novacek] Now I want to take you at your word for a moment. In the lobbies of the congresses of the KDH, but mainly in those of the Civic Democratic Union-Public Against Violence [ODU-VPN], I have heard complaints that the directors of certain enterprises, former communists and therefore partly members of the SDL, have been misusing the labor code by laying off first those who were politically active after November 1989. Do you have a comment on this?

[Weiss] Politically motivated layoffs occurred after November 1989 in several waves. It would be necessary to be very specific as to whether those laid off were not perhaps those who obtained their positions for political reasons, failed in their jobs, and were therefore fired by their managers. Otherwise, I would like to state that only



about one tenth of the former members of the Communist Party registered as members of the SDL. Many more of them left for other parties and movements.

[Novacek] We have already discussed the relationship with the HZDS. The SDL also frequently cooperates in parliament with the SNS [Slovak National Party] as well. The left, communist and socialist, was formerly internationalist, and so I ask: Does not the nationalist and separatist nature of the SNS bother you?

[Weiss] I am bothered more by the unitarist trends in Czech public opinion, which is becoming more and more evident in politics as the elections approach. I consider this a far greater threat to a common state. Serious public opinion research in Slovakia indicates that 15 to 17 percent of the population are inclined to favor an independent state, while 25 percent are inclined to favor a federation, namely not to disrupt cooperation with the CR [Czech Republic]. On the other hand, in Bohemia (Moravia and Silesia are a little different) almost 40 percent are for a unitary state. Translated into Slovak this means the dismantling of national councils and governments. About 16 percent appear to favor some kind of federated structure. For Slovakia, which has had experience with Masaryk's republic and with Novotny's idea of a common state, this is simply unacceptable. However, no one is fighting against these unitary tendencies, they are all frightened by Slovak separatism. Very little is said about Czech separatism, expressed in the slogan "Let them go, then."

[Novacek] Excuse me, but in the first place I think that the first chauvinistic excesses occurred in Slovakia, and only then was there a reaction from Bohemia. Secondly, I would like to remind you that the Czech side has had some unfortunate experiences with Slovak nationalism from the post-Munich period and the time of the Slovak state.

[Weiss] Yes, and these were a direct result of the inability of the Masaryk Republic to deal with nationality issues! Moreover, the Czechoslovak state has also paid for this.

[Novacek] The idea of Czechoslovakism first made it possible for Slovakia to rid itself of Hungarian hegemony. Only afterwards did it become, as you have correctly stated, a deadly state ideology for the republic. Everything was much more complicated than this.

[Weiss] Yes, that's right. But as I have already stated at the congress, we have to get away once and for all from the cliché that there exist on the one side the bad Slovak separatists and the good supporters of a common state on the other, that the separatists constantly cause trouble while the others lose their patience. The relationship is a little more complicated than this. If things are not going well between us, we have to look at the historical record, at economic and political reasons.

[Novacek] I agree with you in this, but I want to be clear. Are you still an internationalist party, or are you a national party now?

[Weiss] You phrase the question poorly, in concepts taken from the former ideological scheme. We base our actions on the fact that the SDL is active in the Slovak Republic. We have of course a national program, addressed to citizens of Slovak nationality, but we have also adopted principles of an ethnic policy. This clearly states that in accordance with European standards the rights of national and ethnic groups must be preserved under all circumstances.

### **Socialist Party Joins Liberal Social Union**

92CH0254A Prague SVOBODNE SLOVO in Czech  
17 Dec 91 p 6

[Unattributed interview with Ladislav Dvorak, chairman of the Czechoslovak Socialist Party and CSFR deputy minister of finance; place and date not given: "Two CSFR Wounds That Hurt"]

[Text] [SVOBODNE SLOVO] The word Czechoslovakia is in the name of your party. Do you think you will have to redo the name?

[Dvorak] From the very beginning of the famous hyphen war in the current Federal Assembly the delegates of the Czechoslovak Socialist Party [CSS] have voted for the name Czechoslovak Republic, without a hyphen. We have always been a state forming party, beginning with the birth of the Czechoslovak Republic [CSR] in 1918, and we want to play a role at this time as well, when there are so many different opinions concerning constitutional organization. We have communicated our position to all the leading politicians and legislators, to all delegates in the Czech National Council and in the Federal Assembly. We have not succeeded in doing so only in the Slovak National Council [SNR].

[SVOBODNE SLOVO] What is your position, then?

[Dvorak] A three-entity, federated organization for Czechoslovakia, arrived at constitutionally. We are for a federated state formed on the civic principle. We should not allow ourselves to create a state through some kind of agreement between the Czech and the Slovak Republics, because this would amount to a confederation, and a confederation would mean the disintegration of the state.

[SVOBODNE SLOVO] The Liberal Social Union has also come out in favor of an agreement between the SNR and the CSFR.

[Dvorak] We have two basic reservations about such an agreement. Above all against the word "expulsion" in the preamble, because this was a transfer based on the Potsdam Treaty, signed by the victorious powers. The word "expulsion" could probably be used for the true expulsion of the Czechs from Slovak and Sudeten territory after Munich. Our second objection: this treaty does not put an end to the past, and mainly to reparations. Rather, it gives the Sudeten Germans the chance to bring the problem up again, but says nothing about how



reparations might be paid for war damages, or for what our people had to live through in world war II.

[SVOBODNE SLOVO] Why did the CSS join the Liberal Social Union?

[Dvorak] Soon after the elections eight parties began to get together in the so-called group of eight, where we could better compare and get to know our various programs. We came to the view that we had to create a platform, a coalition grouping, that would be based on similar program principles. On this basis we began talking to a smaller group made up of the Agrarian Party and the Czechoslovak Social Democratic party. Over the summer we managed to form a coalition with the Agrarian Party and we called the coalition the Liberal Social Union. The Greens Party and the Agriculturalists Movement have both recently joined us. This has allowed us to bring together like minded people from the towns and the countryside.

[SVOBODNE SLOVO] Something else now. How should agricultural prices look to stop the decline of our rural areas?

[Dvorak] There should certainly be guaranteed procurement prices, so that private farmers, cooperative members, and state farm employees can make the proper economic decisions regarding what is best for their soil conditions. I view entrepreneurship as proper decisions by primary producers, not at all in unbelievable profits for the processing and food industries. In 1991 the farmers lost 9 billion Czechoslovak korunas [Kcs]. On the contrary, the herb producers in the food industry recorded profits in the first quarter alone of Kcs6 billion, frozen food producers Kcs1.36 billion. Part of the problem, of course, is that the government has to issue timely quotations, meaning how much the government plans to procure during the next year of which agricultural products. It also has to implement a protectionist policy vis-a-vis imports from the West. I do not know why we import expensive yoghurts, margarine, and frankfurts when we know how to make the same, and better, products here. These three aspects of agricultural policy must be completely clear and, above all, announced in time.

### People's Party Discusses Its Program

#### Coalition With KDH Not Planned

92CH0251A Prague LIDOVA DEMOKRACIE in Czech  
16 Dec 91 p 1

[Article by (lh): "People's Party Will Not Go to Elections in Coalition With Christian Democratic Movement"]

[Text] The Christian-social faction did not succeed at the meeting of the central committee.

"The CSL [Czechoslovak People's Party] resolutely rejects the so-called catastrophic scenario; on the other hand, it maintains at the same time that erroneous steps

of the reform must be recognized and corrected," said the chairman of the party, J. Lux, Saturday at the press conference after the meeting of the CSL's central committee in Havlickuv Brod.

The central committee concluded that the reluctance concerning restitutions, the delays in the formulation of regional programs, and the across-the-board restrictions on credits, to which the CSL was the first to call attention, are shortcomings that may be understood in view of the unique character of our economic reform. Nevertheless, their feedback is important.

As Lux said, the anticipated extensive discussion about factions within the party took place at the meeting. However, only ten of the 49 committee members voted in support of the efforts by J. Bartoncik and R. Sacher to organize an independent Christian-social bloc within the CSL. Lux characterized the existence of the factions as a completely natural phenomenon in all democratic parties.

In their discussion the CSL committeemen dealt explicitly with past developments. They demand that the communist ideology be condemned; that there be no statute of limitation for communist crimes; and that a law on anticommunist resistance be enacted. They demanded that operations of our state administration be protected from the cadres of the *nomenklatura*.

The central committee of the CSL affirmed also a demand for a federal constitutional system based on civic and territorial principles. As concerns its position in our political spectrum, the CSL stands right of center, continues to hold its place in the governmental coalition, and is ready to cooperate with parties of similar orientation. The CSL highly values its cooperation with the churches, which it regards as an expression of one's world view. In the approaching election campaign the party will again run as the KDU [Christian Democratic Union] also in Slovakia, but not in a coalition with the KDH [Christian Democratic Movement]. Furthermore, it expressed its support for the Ruthenian nation's right of self-determination. The presidium therefore appeals to the federal government to exclude explicitly Subcarpathian Ruthenia from its anticipated recognition of the Ukrainian Republic.

Regular readers of LIDOVA DEMOKRACIE will be interested to learn that this newspaper is no longer the CSL's official publication.

#### Party's Position Right of Center

92CH0251B Prague LIDOVA DEMOKRACIE in Czech  
18 Dec 91 p 3

[Article by (LD): "Czechoslovak People's Party Right of Center"]

[Text] At its meeting on 13 and 14 December the central committee of the Czechoslovak People's Party [CSL] adopted an extensive decision. An essential part of its

contents appears in a report from a press conference published after the conclusion of that meeting. Therefore, let us add that the central committee decided to convoke a party congress on 4 and 5 April 1992, when in addition to elections of top CSL's representatives new statutes will also be discussed—their draft prepared by the presidium will be submitted to local organizations for discussion at district conferences—and moreover, the presidium will present the slate of candidates for parliamentary elections chosen in accordance with the recommendations of regional organizations. In addition to organizational concerns, the decision contains some very relevant political emphases. It underscores that a party is not Christian because of its name but because of the way it acts. In the political spectrum the CSL consistently proceeds from natural human rights. It is committed to parliamentary democracy and to the separation of legislative, executive and juridical powers. In the economic area it regards private ownership and cooperative enterprise as the natural foundation of economic life, and market economy as the only effective mechanism; however, it demands that the state guarantee social welfare for individuals who without fault on their part have found themselves in dire social circumstances. The CSL respects all tested and true traditions of European development, and in the ethical sphere it is unambiguously based on European Christian civilization. In this spirit it places spiritual values above material goods; from that follows its position right of center in our political spectrum.

Because of these and other realities, including demands for a state system composed of three partners with equal rights and for initiative in foreign policy, the decision of the CSL central committee is a relevant and stimulating document not only for the party's membership base but also for our wider public.

### Major Electoral Targets

92CH0251C Prague LIDOVA DEMOKRACIE in Czech  
19 Dec 91 p 3

[Article by Jan Marek, first vice chairman of Czechoslovak People's Party: "Notes About Political Orientation of the Party"]

[Text] As we have previously informed our readers, at its meeting in Havlickuv Brod the central committee of the CSL [Czechoslovak People's Party] focused also on principles for the CSL's current political orientation. The central committee of the CSL considers it necessary to deal with the legacy of the past as follows: to condemn communist ideology. Not to apply the statute of limitation for crimes committed under the influence of that ideology. To enact a law on anticommunist resistance. To safeguard operations of state administration from the proponents of the past regime. To define the idea of reconciliation with individuals who recognize their past errors.

The CSL calls for an expeditious economic reform in the version adopted by the deputies of the Federal Assembly and under conditions of social reconciliation. In relations to churches the CSL proceeds from the realization that churches and religious societies stand outside political parties. The CSL continues to be ready to cooperate with them, and intends to be one of the guarantors of freedom of faith. In its program the CSL promotes the postulates of the church's social doctrine and of the Christian view of the world. It regards Christian involvement aimed at a transformation of the world around us as a natural expression of our existential orientation.

The place of the CSL in our political spectrum is determined by its approaches to fundamental political issues. The CSL proceeds systematically from natural human rights; it insists on a parliamentary democracy and on the separation of the legislative, executive and juridical powers, with the provision that the freely elected parliament always has the peremptory right of control. In the economic area the CSL regards private ownership and cooperative enterprise as the natural foundation of the economic life, and market economy as the only efficient economic mechanism; it demands that the state guarantee social welfare to persons who with no fault of their own have found themselves in circumstances they are unable to resolve by themselves. The CSL respects all tested and true traditions of the European development stemming from their Christian foundation, and in that spirit it places spiritual values above material goods. From that follows also the CSL's position right of center in our current political spectrum.

The central committee of the CSL repeatedly underscored that the best and most effective method for the preservation and successful administration of the state is a state system consisting of at least three partners with equal rights. Our current stalemated negotiations about our constitutional system are due precisely to the fact that this demand based on logic as well as time-tested tradition has never been seriously discussed and that the federal, Slovak and Czech representation all have avoided it.

Preparing for the parliamentary elections, the CSL central committee decided that the CSL would run within the KDU [Christian Democratic Union] also in Slovakia. Furthermore, it decided that the CSL slate of candidates competing in parliamentary elections must meet the following conditions: They must be unimpeachable; they cannot be former members of the Communist Party and persons described in Article 2 of Law No. 451/92 of the Collection of Laws, which fact they must prove pursuant to the law; they must be experts capable of team work and joint action; they must agree with the program of the CSL and promote it.

The CSL's central committee protested against a statement made by Vaclav Havel in his address in which he compared the conduct of the CSL members in the past with the conduct of the communists. The CSL central

committee will support deputies representing the KDU-CSL in the Czech National Council who will respond to this allegation.

The CSL fully supports the right of self-determination for the Ruthenian nation, and for that reason, the CSL's central committee appeals to the Czechoslovak Government to exclude Subcarpathian Ruthenia from the anticipated recognition of Ukraine. And finally, the CSL central committee appeals to the Federal Government to recognize the sovereignty of Croatia and Slovenia and thus, to contribute to a prompt termination of the conflict in that area.

### Commentary Questions KDH-ODS Coalition

92CH0282B Prague PRACE in Czech 8 Jan 92 p 3

[Commentary by Vladimir Kucera: "Does One Good Turn Deserve Another?"]

[Text] When KDS [Christian Democratic Party] Chairman Vaclav Benda came up with a theory that a coalition of the ODS [Civic Democratic Party], KDS, and the KDH [Christian Democratic Movement] is capable of putting together a functioning federal government, many political leaders reacted with skepticism. Similarly, this assertion by Benda failed to persuade political commentators. But, shortly thereafter, even other representatives of the above-mentioned "strong troika"—ODS deputy chairman Miroslav Macek and executive vice chairman of the KDH, Jan Petrik, made statements which appeared in UTERNI TELEGRAF.

While Mr. Macek was relatively evasive, the response by the Christian Democrat Petrik was direct. Macek stated that the policy of the KDH was aimed at the model of a sovereign Slovakia through constitutional means. However, he personally believes that a state which comes into being on the basis of a dualistic model—in other words, on the basis of a state treaty between the CR [Czech Republic] and the SR [Slovak Republic], cannot long exist and, therefore, the KDH is not a long-term partner for him in such a case.

Jan Petrik said that in the event of such a coalition, it would be clear that the ODS would draw closer to the KDH by taking a position on the constitutional arrangement and that in such a case the KDH would be prepared to adhere to the rightist line of the economy and to continue the economic reforms, of course, with certain specifics.

Logically, this leads to only one conclusion—if the ODS is willing to sign on to a model of the state according to KDH desires, it will support this movement through economic reforms; if the followers of Klaus were to consider a different type of federation, the second strongest political grouping in Slovakia would elect a different variation of the economy.

If the Klaus party were to actually join in a coalition with the KDH, it would be acting like Pontius Pilate washing

his hands. Although Jan Carnogursky is under pressure from Western Christian Democratic movements, his variations are more Eastern in character, including even the publicly conducted opposition to a liberal society. By forming a coalition with such an unpersuasive partner, the ODS would clearly show that it is not concerned with principles, but with power. And that, in the interests of that power, it would even allow itself to be blackmailed.

Furthermore, it is possible to proceed on the basis of another more likely assumption: In Slovakia, Meciar will win—in other words, the HZDS [For a Democratic Slovakia]. This variation does not even offer the accomplishment of economic reforms at the price of consenting to a confederation. It takes everything.

If the Czech right actually wants to conduct itself as it declares—in other words, in a nonchaotic manner, rationally, and conservatively in the good meaning of the word, that is to say, that it intends to preserve democratic and civic values, it cannot accede to the ultimatum-type position of the KDH. That is because it could soon begin to flirt with the ultimatums presented by Meciar. Only in order to attain power in at least one part of the state.

### Political, Economic Situation in Ruthenia Reviewed

92CH0278A Bratislava SMENA in Slovak 18 Dec 91  
p 3

[Article by Eva Cobejova: "What Did We Really Vote For?"]

[Text] The old woman, who for years now had regularly traveled from Slovakia to Mukacev to visit her daughter and grandsons, looked with terror in her eyes at the agitated mass of people jamming itself into the bus that was on its way from Uzhgorod to Presov. She shook her head in bewilderment at where all these people might have come from. Just recently it had been the case that she would frequently be the only passenger on this bus route. This time the Presov bus is sold out a week ahead of time! This despite the fact that the border between the CSFR and Ukraine is still almost completely closed. In spite of this people are travelling, to everywhere imaginable and back, to visit relatives, to find work, on business and to speculate.... The Ruthenian countryside is beginning to get closer to us, but in its own way!

Our people, particularly those who live in the Michalov and Humen districts, are well aware of how much is charged at the Uzhgorod market for an egg, a kilogram of tangerines, or an American original. The number of Slovaks is increasing who are accustomed to travel to this area on business. But only a few Slovaks are interested in the hard times now being endured by the Ruthenian population, a people closer to us in history, language, and origins than any of our other neighbors.

"Slovaks have no interest in Ruthenia, but Czech journalists are here all the time," complains Ivan Dolgos, a

writer and chief editor of the KARPATSKY KRAJ newspaper, in passable Slovak I might add. He is right, and maybe it is because we are more aware of the problems that come first to us from the East, while our Czech colleagues are more inclined to see the exotic aspects of the region, where one can still find traces of the successful Czech mission from the interwar years. These traces can be used to evoke resentment from their readers and thereby an interest in this area. It is more difficult in Slovakia, especially in the East, where local small-scale entrepreneurs and speculators frequently come into conflict. This puts us very far from a sentimentalist view.

### **Beautiful, Destroyed Land**

If the adjective "empty" has other degrees of intensity, then it could be said that presently the stores in Ruthenia are among the "most empty" in the ex-Soviet Union. Empty shelves, empty counters, empty displays, and bored salesgirls. The only thing you can buy without standing in line might be boiled green tomatoes, canned plums, mineral water in dirty bottles (Ruthenia has about 400 sources of mineral water) and, of other goods, Soviet flags, greetings for the "Great October Holiday" and Lenin's writings (in Slovak, no less)! Even two, three, or five years ago this area belonged to the Soviet "West," an area where people came to buy things, even from our country. But the Soviet market has disintegrated, the republics and districts have stopped delivering goods to each other, leaving Ruthenia with an industry and agriculture that is too weak to sustain it. To be sure there is the Carpathian forest, but it is not infinite, there are mineral springs, but they are polluted, there are raw materials, but after 40 years of socialist plundering these are not any guarantee of a rosy future. The Ruthenians, however, believe that their natural wealth and the work ethic of their people provide a good foundation. They also feel that they are only a peripheral interest of the central authorities in Kiev. Economists Michajlo Ruscak and Mikola Bojko assert that the wages of industrial workers in this area are 10 percent lower, and those of agricultural workers 20 percent lower than the Ukrainian average, at the same time that the supplies are coming to the area in critically low volume. On the other hand, industrial output per capita (1.2 million) is ten percent higher than the Ukrainian average. For just this reason Ruthenian officials have begun to consider a law establishing a free economic zone to attract businessmen. But who can make a decision about such a law for Ruthenia? And who will support them?

### **Referendum Conflicts**

On 1 December the entire population of Ukraine went to voting locations to choose a president and at the same time decide if they want to be independent or not. The Ruthenians had yet another question on their ballots, namely whether they want a statute setting up a special self-administering territory within an independent Ukraine. This referendum was preceded in Ruthenia by highly charged events that forced a change in the date of

the referendum, the ballot questions, and in fact the entire purpose of the referendum.

Originally the vote was supposed to be for regional autonomy. The Uzhgorod press published wide ranging discussions about the meaning of this word, its implementation and opportunities. The main defender of the idea became the esteemed historian at the university in Uzhgorod (historians now have a very large impact on local politics), Prof. Ivan Grancak. He pointed out many advantages of autonomy, but one of them sounded very serious, namely "Under the new statute local agencies will be formed not from nomenklatura cadres sent from the center, but from the local intelligentsia, who know the local conditions and needs, and can therefore be effective immediately."

The main opponent in the referendum was the Ukrainian nationalist Ruch party. A young, ambitious member of the executive committee of the Ruthenian organization, Viatcheslav Kolcar, asserts that "In 1944 Ruthenia united with the greater Ukraine, with mother-Ukraine and since that time has not needed autonomy the way it needed autonomy when it belonged to Austria-Hungary, Czechoslovakia, or Hungary. From whom does it want, then, to become autonomous? Autonomy is being developed for special nationalities, the Yakuts, Cecens, the Osetians, but what kind of special nationality lives in Ruthenia? The population here is Rusin-Ukrainian, but the word Rusin is just a historical name for Ukrainian."

Ruch accused the advocates of autonomy of separatism, and when the district council considered holding the referendum before the all-Ukraine referendum the Ruch representatives began a hunger strike. They argued that an early referendum in Ruthenia would allow it to secede from Ukraine before Ukraine would declare itself an independent country and be recognized by the world. The Ruthenian branch of Ruch then used telegrams to call for the help of Leonid Kravchuk, but he did not get involved immediately. V. Kolcar explains why Ruch was categorically opposed to the referendum: "The referendum did not come about from the will of the people, but through the Party 'execs' who, unfortunately, are still in power and are misusing it. I am not aware of any country in which a referendum question would be proposed that the population did not support. I am convinced that the people will vote in favor of any question placed on a referendum ballot. Whoever is in power can arrange this to come out as they want them to."

Alexander Oros, representative of the Republicans in Ruthenia was a still harsher critic of the referendum, saying "the idea of a referendum was worked out by the KGB in conjunction with the district communist party committee when they felt that their power was ending and that they needed to fragment the Ukraine, allowing them to continue to keep it under their control."



### Kravchuk's Success

The stormy fall events forced the resignation of district chief Mihail Voloscuk and his representatives when the district council failed to give them a vote of either confidence or no-confidence. Since early October, then, Ruthenia has not had a chief executive, while the one who resigned has in the meantime become a successful cattleman. Under pressure from the Ruch hunger strikers, the district council finally decided to postpone the referendum into 1992. In the meantime a committee would draft the questions on which the public would vote. But the council then again changed its decision and called the referendum for 1 December, the same day as the all-Ukrainian referendum. Leonid Kravchuk finally entered the game on 20 November when he travelled to Ruthenia and persuaded the district council that it was not necessary to vote on autonomy, but rather for an self-administrating territory within the Ukraine. The district council approved this proposal on the same day. The Association of Carpathian Rusins protested vigorously the change in the way the question was formulated, because this group was fighting for an autonomous Rusin republic, and Kravchuk's Solomon-like decision was not to their liking. But not much could be done with only a couple of days to go until the referendum—when 78 percent of the Ruthenian population approved the special statute. While the ambiguous referendum could not satisfy the radicals of Ruch or of the Association of Carpathian Rusins, the average Ruthenian was satisfied. Ilja Popovic, deputy editor in chief of the newspaper ZAKARPATJA, says "The referendum was just a beginning. Now our main task is to give it some specific content. We have a special commission that is trying to do this. The people gave the district council the right to work on a special statute, but only now can we really consider making something out of what we have voted for." The editor in chief of the competing KARPATSKY KRAJ paper, Ivan Dolgos, stated laconically "The special statute is really autonomy translated into Ukrainian. I am not in favor of Ukraine splitting up. On the contrary, it would be desirable for other Slavic countries, including Czecho-Slovakia, to join Russia, Belorussia, and Ukraine. A self-administering territory for us in Ruthenia means living and working as our ancestors did. We have, in other words, our own economic, ethnographic, and geographic specifics. In particular: we have the Carpathians and rich forests. After the war Stalin declared that he needed the Carpathian forest for the Donbas, so it was cut down, and we could do nothing to stop it. Now, if the Donbas needs lumber we can provide it, but we control the price and quantity. They will have to ask us, not Moscow or Kiev!"

Viatcheslav Kolcar reacted to the referendum as follows, "What did they really vote for? No one knows exactly. We have an idea of what it means, in legal terms, to be an autonomous district, region, republic. But what is this self-administering territory? Such a term does not even exist in the legal lexicon. You can define it any way you want to. I am in favor of the idea of a federalized Ukraine but not along the lines of the current, artificial

boundaries, rather based on the natural ones. There are 12 of these in Ukraine, one of which is Ruthenia."

### The Czecho-Slovak Card in the Game

Ruthenia, in contrast to us, does not have any political party speaking openly for reunification of Ruthenia with Czecho-Slovakia. From an economic viewpoint this might be the best decision for some, but the Ukrainian nationalist element is so strong that it would not stand for being a national minority within our country. Ivan Dolgos of the paper ZAKARPATSKY KRAJ says of the pre-Munich Czechoslovakia: "It was an ideal country for that time, but now it would be an anachronism."

The Uzhgorod press follows closely every mention of Ruthenia in the Czecho-Slovak press. There is general awareness that there have been discussions here with representatives of the Association of Carpathian Rusins, where careful mention was made of reunifying the former Ruthenia with Czecho-Slovakia. There is now a law in Ukraine that makes such declarations a crime. For this reason they are not made openly. But opponents of autonomy can state publicly that if Ruthenia were autonomous it would be threatened with pressure to join either Hungary (12.5 percent of the Ruthenian population is of Hungarian extraction) or Czecho-Slovakia (which has the historical claim to the territory). In this regard the fact is always pointed out that pre-Munich Czechoslovakia refused, until the critical year 1939, to offer Ruthenia a statute of autonomy, to which Ruthenia had a right. Conclusions are drawn from this that are not completely fair to us. But then again we have Sladek and his ambition to reunite Ruthenia with Czecho-Slovakia.

One small additional note. The leadership of the Ukrainian Republican party are people of a completely different stripe. For the most part they come from the harsh school of the Soviet GULAG, and have constantly been under KGB surveillance. Nevertheless they have always advocated an honest and non-violent form of political struggle. The chairman of the Ruthenian district organization, Alexander Oros, was in jail for seven and one half years, and has devoted almost his entire life to work for a free Ukraine and the fight to preserve human rights. To this day the KGB harasses him, now for example by stealing everything he owns, which has happened three times. So he has almost nothing. This is an unbelievably modest, honorable, perhaps a little eccentric older man, with whom Miroslav Sladek probably could find nothing in common.

This country to the East, with which we share 20 years of history and 97 kilometers of common border is in a watershed period of its history. It is threatened by potential catastrophic economic failure, poverty, and potential political chaos. Whether we want to or not we must take an interest in these events, because they are very close, even though they seem to be so far away.



**Emigre Economist Proposes East-West Institute**

92CH0255A Prague SVOBODNE SLOVO in Czech  
17 Dec 91 p 6

[Article by Milan Zeleny: "Nothing Can Be Accomplished Without a Theory"]

[Text] Economic science can and must play a basic role in resolving the problems of economic reform. The fact that economic science has not yet studied the processes of transition between a command socialism and free market does not mean that it is absolved from responsibility for an explanatory theory.

All current economic theories (and the infamous economics "texts" in the CSFR) are concerned with a study of the market system that already exists. This is logical because the market system arises spontaneously, never as an objective or plan of social engineers or reformists. As an American professor for more than a quarter century I can responsibly state that no theory covering the transition to a market economy has yet been developed.

Economic reforms therefore move along chaotically, without order, logic, or the discipline of scientific theory. Economic theory and practice are coerced by and subordinated to politics and the lay euphoria of the mass communications media. This is both outrageous and a tragedy. Policy should reflect and evolve from objective, scientific analysis by economists, not the other way around.

The absence of a scientific theory of transition, ignorance of systematic thinking, and the vulgar application of the theory of an existing system to the practice of system creation, are all factors that support the current dominance of politics over economics, economic charlatanism, and the surprising vitality of interim governments of dilettantes in the current East Europe and the USSR.

Socialist economists never either studied or tested the spontaneous basis of a free market. Their practical thinking is therefore necessarily "decree" and "proclamation" oriented. They have no idea how to create the proper conditions for the self organization of a market. Capitalist economists, for their part, have no idea of socialism and how it operates. They are not aware of the debilitating weight of the impact of socialism on the behavior and thought of economic entities. Moreover, they do not know, and have not studied the processes of market appearance. Their studies have only covered the behavior and reactions of mature, existing markets.

The only solution that I see is the creation of a new theory of the transition from socialism to a market economy, a theory that is not burdened by any of the existing "textbooks." This theory has to come from cooperation by the best economists of the East and West, under the leadership of those who know both systems well. The resultant theory could then be a contribution of

Eastern Europe to the 21st century. Only such a theory can result in successful practice. The reverse will never be true.

The objection that there is not enough time to develop such a theory is arrogant and ridiculous. There is time for more than confusion, a "wall to wall" economic policy, poorly thought out experimentation with people, and the political evocation of models of dilettantism. What we do not have time for is the suffering of people who do not have any belts to tighten.

"Perestroika," in the ten years of its existence, has resulted only in poverty, crisis and economic tragedy. Without the correct theory, nothing will happen.

**What to do?**

1. Without delay set up a Central European Institute for Economic Reform, headquartered in Prague. All Central European governments (and the republics of the former USSR) will contribute their best talent and the requisite economic resources.

2. The institute will gather current experiences with reform, and assign specific individual problems for study to existing economic and social institutions (to utilize existing expert resources). It will compile the results into its own systemic program in two directions: the general (all East European economies as a whole); and the specific, in the sense of "custom tailored" reforms for individual economies, areas, and enterprises.

3. The resulting programs will be presented to experts from the economies that in recent decades have undergone the dynamic processes of appearance, change, and reform (Japan, Hong Kong, Korea, etc.). Their experiences with socioeconomic change will then be integrated into the synthesized proposal of the institute.

4. The institute will be an integral part of the implementation programs and reform agencies of all the participating countries. The introduction of theoretically justified reform steps will be monitored on a monthly basis with immediate and public feedback. The goal is to involve as many levels of enterprises, entrepreneurs, and citizens as possible in the reform effort. Independent mass media will be recruited and integrated into the consciousness raising and evaluation process, rather than for simplistic and dry propaganda of experimenting regimes, as has been the case before.

5. An East-West Economic Conference will be called as soon as possible in some of the East European countries. Participants will include the best economists, those who have not already been tagged with the stigma of supporting "shock" ideologies of the Klaus-Balcerowicz type. This conference will focus on the problems of transition, from the current practice of "shock" strategies to strategies with a theoretical basis and justification.

Economic science can contribute to the success of economic reform only when it becomes a science and stops

being a servile adherent to the ideology and demagoguery of interest groups and political parties. People who play with the facts, ignore experience, and submit to the euphoria of a "builder" optimism are not scientists, but party hacks.

Economic science must rid itself of the fear of existential uncertainty and personal opportunism. The former apologists for socialism cannot be anything other than just as vulgar apologists for capitalism. Capitalism, however, does not need apologists, a party ideology, or social "engineers." Capitalism has needed and will always need only analysts, theoreticians, and scientists.

A true scientist is never afraid of the truth, does not manipulate the truth, does not postpone the truth, and does not let go of the truth without a fight.

#### **Who Is Professor Zeleny?**

Prof. Milan Zeleny, a well-known American economist, is also known to experts in this country, but is so far a person not well known by the general public. This is because for many years we knew nothing about our people who excelled in the West. Now, we still do not know about some of them, because the works of those who criticize the reforms are not published here. For these reasons we decided to present Prof. Zeleny to our readers.

Despite the fact that several of our government representatives have been trying to play down the professional qualifications of Prof. Zeleny, he is precisely the one who has been recognized in the world of market economists. After graduating from the Economics College [VSE] he obtained his Masters of Science and Doctorate of Philosophy at the University of Rochester in the field of business economics, production management, and operations analysis. He was a professor for 10 years at the Columbia Business Management School, one of the best, and is now a professor at the famous Fordham University in the United States. In between he was a visiting professor at the Copenhagen School of Economics and at the Brussels European Institute of Advanced Studies in Management. He has been awarded the Humboldt stipend in Germany, a Rockefeller Fellowship in Italy, and a Fulbright Fellowship in Czechoslovakia. In the United States he represents Czechoslovakia in the Society for the Advancement of Socio-Economics [SASE]. He is a member of the American Society for the Advancement of Science [ASAS] and a number of other associations. He also edits the international business management periodical HUMAN SYSTEMS MANAGEMENT and is a member of the editorial boards of many other professional journals. He has published about 250 professional articles and more than 300 articles of a sociopolitical nature.

**MDF Congress Adopts Official Positions**

92CH0231A Budapest MAGYAR HIRLAP  
in Hungarian 17 Dec 91 p 8

[Report by K.D., J.L.L., CS.M., and S.L.N.: "Positions Taken by Sections of the National Congress; Hungarian Democratic Forum Guidance to the Government"]

[Text] Even though Jozsef Antall stressed that positions taken by the Hungarian Democratic Forum [MDF] may only serve as guidelines to the government, there can be no doubt that views expressed by the largest coalition party will heavily influence governmental decision-making. At last weekend's plenary session of the MDF Fifth National Congress a sweeping majority approved resolutions adopted by eight sections of the MDF, encompassing virtually every field of the economy and society.

**Secret Documents Must Be Made Public**

Particularly great interest had been expressed prior to the National Congress in the workings of the Section which dealt with social policy, justice administration and interest protection, because it could not be ruled out that doing justice [regarding the crimes of the past system] would become the focal point of the Congress. The Section [resolved that the Congress] request the government to urgently comply with existing, already known demands and did not add new demands or expand the list [otherwise]. The resolution seeks urgent enforcement of Representative Zetenyi's law in addition to the adoption of a legislative proposal concerning III/III agents. Beyond these matters, the resolution establishes a requirement to the effect that the criminal responsibility of the previous system's leaders be determined, urges that historical research be accelerated and that secret documents be made public, and expresses a need to uncover economic abuses which have not lapsed as a result of the statute of limitations. In conjunction with the latter the resolution seeks improvements in the personnel and financial conditions of the police, tax and customs authorities, the courts and the prosecutors' offices. Further, the resolution states that there must be no further delay in appointing to leadership positions fit persons who comply in every respect with requirements implicit in the system change.

**The Radio Treated 1956 in an Offhand Manner and Put It to Shame**

The MDF adopted a resolution which is not particularly practical insofar as culture, education and the provision of information are concerned. The resolution supports the "fundamental" concept of the public education law, as proposed by the ministry having jurisdiction. The wording of the resolution does not reveal, however, what the section does not regard as "fundamental" i.e. legal provisions it does not support. The resolution fails to make specific reference to comments received from the educators' college, which the ministry is supposed to consider and therefore it most certainly will not be of

great help to the ministry. The MDF supports freedom of education, the rights of students and parents, as well as the establishment of professional controls. Although this set of endeavors appears as nice and wise, the MDF stance appears as absurd in the context of the ongoing, widespread critical public debate opposed to the ministry's efforts to liquidate the autonomy of schools under the pretext of professional control. The resolution could have been more specific in regard to this subject matter since it involves an issue that is by no means of secondary concern.

Increasing the significance of nursery schools is an undoubtedly significant demand on part of the section, but a statement concerning specialized education is the weaker. The resolution states that specialized education be (may be) placed under the supervisory authority of the MKM [Ministry of Culture and Public Education]. A recommendation concerning public cultural activities amounts to an even greater platitude: Discussion of this important field runs out of steam in the form of a novel statement, according to which the foundations of public cultural activities "could be established in the form of a law governing school libraries."

In contrast [to the vague treatment of culture, education and information], criticism of the press, the radio and the television—as that is customary at the MDF—is the more detailed and complete. The media which has broadcast many hours of programs memorializing 1956 has been accused earlier of "treating the revolution in an offhand manner and of having put the revolution to shame." This accusation has now been elevated to the rank of a party resolution. The MDF resolution assumes that "bias against the government by individual and partisan interests" has played a role (also) in this regard. "Large-circulation press organs which have been successfully salvaged from the days of the party state and which now wear the cloak of the opposition and of liberalism" also received their share of criticism, of course. The document states that the leadership of these organs has not changed since the days of the party state and that "establishing a decent and truthful press" is unavoidable and necessary because the present, large-circulation newspapers slander Hungary even abroad [as published]. Existing newspapers which reflect the national spirit should be allowed to compete with these newspapers, (accordingly, newspapers reflecting the national spirit do not yet enjoy competitive situations in the marketplace). Some "consistent, firm governmental action is needed" to accomplish this....

**Political Intentions in the Background of Strikes**

The strike called for Tuesday left its mark on the position taken in regard to interest protection, of course. According to the document, political intentions—relying on dissatisfaction that stems from the burden of transformation—have emerged in the background. These political endeavors aim at acquiring power and serve the purposes of those who have been left out of political decision-making. On the other hand, the resolution

acknowledges that among the tasks the MDF has agreed to perform, interest protection has received inadequate attention. The resolution recommends to the government that it establish a small but effective control system in the first half of 1992. This system would continuously track irregularities related to violations of the right to organize and would initiate rules violation proceedings, and in flagrant cases, criminal proceedings, whenever such violations actually occur. The resolution also makes clear that the MDF should provide more effective support to independent employee interest group federations which observe the standards of a constitutional state. The section feels that legal provisions governing employee participation in privatization proceedings are urgently needed. Finally, the resolution proposes the development of a new forum for the reconciliation of interests, one that would provide representation for pensioners' and handicapped persons' interest groups in the formulation of social policies.

#### **More Stringent Financial Controls at the Local Government Level**

MDF representatives are in the opposition in a majority of local governments. MDF representatives act in a constructive manner virtually everywhere, exceeding by far the practice followed by the parliamentary opposition, according to the resolution adopted by the local government, environmental protection and settlement policy section. The MDF will cooperate in local government policymaking next year. The MDF position regarding local finances is that parliament should define the financial resources available to local governments in the framework of the state household law and should amend legal provisions concerning designated and special purpose subsidies. The resolution calls for an increased role to be played by both external and internal financial controls to ensure the security and stability of local government finances and requests the government to take action to realize this intent.

#### **Daily Politics Outweigh Environmental Protection**

We learned that the environmental protection section strongly criticized the government's activities thus far. Section spokesman Ferenc Szommer said that the most basic problem is the government's unsatisfactory perception of environmental protection. Daily political issues downgrade the significance of environmental protection; in this regard there is more talk than action. There is much more to be done, even though some partial results have been achieved. Encouraging signs may be seen primarily in reducing vehicular air pollution. Environmental protection should figure more prominently in the budget. Proposals include the establishment of a general environmental information system to better inform the public. The MDF hopes to achieve a changed outlook on part of the enterprises which cause the greatest pollution, as a result of changing economic regulations and encouraging these enterprises to expend more funds for environmental protection purposes than at present.

Establishing a product classification system in which environmental protection plays an outstanding role is also important.

#### **Coalition Partners Do Not Have Enough Organized Strength**

Sharp criticism by the health care, family, pension and social policy section was addressed in part to the coalition partners. The document states that health care, family and pension policies were assigned to the KDNP [Christian Democratic People's Party] (minister of public welfare) and to the FKgP [Smallholders Party] (minister of labor affairs). The MDF is unable to implement its programs through the Health Care Policy Council, its political state secretaries and the MDF faction in parliament. At the same time, the coalition partners do not have sufficient organized strength to bring about comprehensive renewal in these areas of grave concern. To remedy this situation the resolution calls for the establishment of a human policy cabinet under ministerial leadership. This body would support governmental work and would rely on a body of experts. The resolution also makes clear that the principles of the MDF program must also prevail in the context of economic laws, specifically in terms of tax and employment policies affecting the needs of families, youth, and health care.

#### **Objective Public Opinion Research Group Must Be Established**

A section charged with organizing forums paid special attention to issues involving the flow of information within the MDF and declared that information should not flow outside of the MDF, but should reach every MDF organization. They recommended the establishment of a youth section and the creation of an objective public opinion research group.

#### **Autonomous Rights of Minorities**

The MDF regards foreign policy, national defense and minority policies as interrelated matters and as particularly important elements of a national renewal and uplift. The section which dealt with these topics at the Fifth National Congress regards endeavors to achieve autonomy as pursued by people living in East-Central Europe as the definitive phenomenon of the historical change which signifies a new era. Consistent with the MDF program, the resolution supports a foreign policy which endeavors to achieve friendly relations with all democratic countries in the world. The resolution underscores the significance of a peaceful, mutually advantageous relationship between peoples residing in the Danube basin and supports regional cooperation, the economic and cultural linkage of border areas for the purpose of reducing the significance of borders in our region the same way as this has taken place in West Europe during the past decades.

Due to our historical heritage, borders in this region defining states on the one hand, and nations on the

other, do not coincide. The populace is mixed and coexists in a mixed fashion. Thus, in many instances, national autonomy can be realized only in the framework of a system which provides autonomy for minorities. Intolerance, and discrimination based on nationality endangers political and economic evolution in our region, the resolution states. It most firmly condemns any forced change of either ethnic compositions or of existing borders.

The resolution conveys the sense that in order to reduce regional tension a charter providing for the rights of European national minorities be drafted as soon as possible, and be adopted on as broad as possible basis. The resolution supports the rights of minorities residing in Hungary and, where possible, the endeavors of minorities to achieve autonomy based on geographical considerations. The National Assembly should, as soon as possible, place on its agenda the law governing nationality and minority affairs in order to accomplish this intent.

In the present uncertain and dangerous international situation the MDF regards as especially important that Hungary be ready and prepared to defend its sovereignty and independence and therefore expresses a need to establish a well-trained, modern Honved Force.

#### **Starting Small Enterprises Should Be Supported**

Rendering privatization more transparent and accelerating the process of privatization has gained special significance among the resolutions passed by the finance and economic section chaired by Ivan Szabo. According to the document, privatization revenues should be expended primarily for the reduction of the state's indebtedness, and to stimulate the economy and entrepreneurial ventures. National Assembly debate over proposed legislation concerning research development, higher education, innovation, museums and nonprofit organizations simultaneously with the law concerning the Academy [as published] is desirable.

By streamlining banking, insurance, securities and tax laws, legislation should encourage the institutional development of long term credit financing. To support starting small enterprises, financing conditions for these enterprises should be established together with small enterprise credit guarantee funds, according to the proposal.

The document also deals with the protection of state property. It expresses the desirability of establishing an organization which keeps track of the movement of state property and unveils abuses involving state property.

The section determined that the present economic statistical information service is inadequate from the standpoint of analyzing economic processes and therefore recommended the reorganization of the information system. The need to establish legal and institutional guarantees for the protection of domestic production and consumption also found a place in the document,

and so did a request that the government take all necessary action for Hungary to acquire the right to organize a world exposition in 1996.

#### **MDF MP Diagnoses Society's Problems**

92CH0271A Budapest FIGYELO in Hungarian  
19 Dec 91 p 11

[Article by Dr. Jozsef Debreczeni: "1991: What Has Happened in Society? Society Without a Master"]

[Text] Our most burdensome legacy is neither the deterioration of industry, agriculture and the infrastructure, nor the \$20 billion indebtedness nor the many injustices and lies, all of which had been bequeathed to us by the Kadar system. A far heavier and more miserable legacy is the domesticated society which that system left behind.

The soft dictatorship no longer used the whip to train the people who have already been tamed by power, but instead it fed the people out of its hands. (To be sure: The whip hung there, in plain view of everyone.) "Workers" received their income—more accurately: half the income they were entitled to—not in the form of wages but as state grants providing public necessities, housing construction and purchase subsidies, free (?) health care, free education, guaranteed employment and so on. Humans who have thus been domesticated slowly began to lose not only their opportunities, but soon thereafter also their capacities which could have enabled them to live independently in a free society. Although in certain strata of the populace trained to become accustomed to the "state master" a limited emancipation began in the 1970's, this movement remained confined to the business sphere.

Strict barriers continued to exist in the path of civil social development, in the political sense of that term. Only a narrow elite of the intelligentsia was able to sneak in to the prohibited area. Limited samizdat literature was permitted, a few hundred people were allowed to sign certain charters, written works critical of the system were allowed to appear (provided that they used the appropriate metaphors), but it would have been inconceivable for all this to become accessible to the broader public. Not even by accident could Sandor Csoori, Gyorgy Konrad, Janos Kis or Sandor Lezsak appear on television.

Thus it came as no surprise that the above-mentioned elite groups within the intelligentsia successfully bargained with the weakened party state for a system change, and that this bargaining had been observed by the passive masses with inactive piety.

An overwhelming majority of a society which has become politically illiterate and restricted in its movements as a result of more than four decades of dictatorship, did not really vote for democratic constitutional statehood, civil liberties and similar things in the spring of 1990. It did not even vote for a change in dictatorship



that had been called socialism. It cast its votes against inflation and deteriorating living conditions. And although contrary to subsequent rumors, the more serious political parties did not promise a rapid improvement of the economy, some naive mood akin to anticipating a miracle has prevailed in the country at election time. The disappointment, embitterment and anger became even greater after the first price increases. By fall, 1990 these sentiments manifested themselves in the form of spiteful passivity (large scale absenteeism in the local elections) or the opposite: extremist activities (taxi strike).

After feelings of hopeful anticipation and bitter disappointment a condition of apathy and indifference has begun to dominate. The infantile feeling of expecting paternalistic action from the state has undergone only a small change. An overwhelming majority of the people continue to fail to understand that something has come to an irrevocable end, that not only the state which shut them up has ceased to exist, but also the one that fed them cream of wheat.

The previous era's redistributing, hand-feeding state did not actually pursue social policies but a sellout. This is so because subsidized milk, bread, heating oil, and mortgage interests had supported not only the poor but also (and primarily) people earning a middle or high income. Having downscaled the subsidies, market prices that are unaffordable to some have evolved, and to a majority of the needy the problem is not the low level of social welfare support, but the very existence of social welfare support—the fact people must use “alms that put them to shame” to buy things, rather than wages, salaries and pensions.

Still, the greatest problem faced by today's Hungarian society this confused consciousness. The complete lack of a middle class society weighs far more heavily. A missing middle class society, which would have been supposed to articulate and channel through its own associations and organizing efforts the continuous and institutional maintenance of a relationship and flow of information between citizens and the state. Because the kind of mentality, knowledge and technique without which an individual is unable to get along, and without which democracy itself does not become functional, can only be acquired within these micro-communities.

Unfortunately, the socialist system made people hate not only partisan politics, but also the social organizations. The so-called “social” organizations, ranging from trade unions to the People's Front have indeed been state organizations in which interests and will flowed not from the grass roots up, but from the top down.

The sympathetic passivity Hungarian society used to view the system change in 1989 and until the summer of 1990 has, by 1991, turned into a spiteful distancing, and into an effort to increase the distance. The interim elections which have turned into fiascos due to an extremely high rate of absenteeism have become the

most noticeable manifestations of people closing their ears to public political discourse. An apparently unjustified amount of sympathy for young politicians in the Federation of Young Democrats [FIDESZ] also amounts to something like a supplemental action to express disappointment in the political parties. Similarly, the somewhat anachronistic phenomenon of the Kadar system to which we have been accustomed to—and one that has been necessary: collecting signatures (Democratic Charter) also amounts in part to avoiding partisan political discourse.

One of the most important, and (insofar as its possible effects are concerned) most alarming phenomena is the significant decline of the number of people in the rather narrow stratum which previously had agreed to play a political role. The decline in the membership of the largest parties seated in Parliament to half their previous size is not the only conspicuous phenomenon. At least as noticeable is the decline in intellectual standards and the increasingly coarse political culture, watchwords and methods. This definitely indicates a significant exodus from public life by the intelligentsia. Torgyan and Tolgyessy took advantage of increasingly radical political endeavors which had gained ground in the course of these processes, and acquired the chairmanships of the Smallholders Party and the Alliance of Free Democrats [SZDSZ] respectively. Similar disturbing signs can be seen within the Hungarian Democratic Forum [MDF].

Considering all of the above one could say that in 1991 the distancing and alienation of the masses from politics has increased. Hungarian society has become reduced to its atoms. Worsening social conditions and unchanneled tensions may endanger democracy in the longer term. This is so because in the absence of a civil society the institutional system of such a society sooner or later becomes a mere formality and turns into lifeless decor.

#### Minister Surjan Responds to MDF Charges

92CH0240E Budapest MAGYAR HIRLAP  
in Hungarian 20 Dec 91 p 8

[Article by Janos L. Laszlo: “Today's Interview With Laszlo Surjan, Minister of Public Welfare and Chairman of the Christian Democratic Peoples Party: I Am Not Retarding the Hungarian Democratic Forum Program”]

[Text] The Fifth National Congress of the Hungarian Democratic Forum [MDF] sharply criticized the workings of the Ministry of Public Welfare headed by the Christian Democrats. We asked Minister Laszlo Surjan to comment on the position taken by the Congress. It included the following charges: “Health care, family and pension policies have fallen under the direction of the KDNP [Christian Democratic Peoples Party] (Minister of Public Welfare) and the Smallholders Party (Minister of Labor Affairs).”

The MDF is unable to enforce the program through the Health Care Policy Council, the political state secretary, and its parliamentary faction. The coalition partners

have thus far not shown sufficient organized strength to accomplish a comprehensive renewal in these fields burdened with grave concerns. The organizational structure of the Ministry of Public Welfare and the Social Security Chief Directorate have remained unchanged, and their personnel compositions have changed only in part. The old approach is suited only to resolve daily tasks in a manner akin to fighting brush fires, and no intellectual workshops and centers empowered with decision-making authority have been established....

Certain political groups use social tensions which accompany the transformation and the system change for demagogic incitement. For this reason alone the MDF must not remove itself from influencing social policy issues that come into the forefront of the political struggle. The MDF must find possible ways in which to enforce its program, both in terms of organization and personnel. For this reason we express our dissatisfaction and object to the slow legislative drafting process of the Ministry of Public Welfare as a result of which laws pertaining to social security, health care, and social policies are still missing....

In the aftermath of this delay, the factors that have thus far caused losses and the personal and material factors must be pinpointed in order to permit substantive action.

It would, by all means, be necessary to establish a "human policy cabinet" under ministerial leadership to assist the government's work, relying on the support of a broadly based body of experts.

Laszlo Surjan responds: "I do not at all regard the ministerial post as a party assignment. The MDF has rather intensive representation within the ministry, but in reality ministerial work must not be viewed as party work. It would be absurd to believe that the KDNP, as a party, had the function of dealing with health care and pension affairs in Hungary. It would be unable to do so because of its small size. It may seem that way from a certain vantage point, but this view includes a large dose of optical illusion.

"One of the most developed parts of the MDF election program has been the chapter concerning the renewal of health care, but I could not say the same relative to social policy. After all this, logic would have suggested that this ministry be allotted to the MDF, but this is not what has happened. In this regard the prime minister used to say the same thing I am saying now: 'Gentlemen, you should have won the elections all by yourselves.' This is only the lighter side of things, of course. Everyone should be aware that the renewal of a system like this is too large to fit the framework of a four-year election cycle.

"Not because I am dumb and incompetent. And not even because I intentionally retard the MDF program. I understand, and to a certain extent gladly acknowledge, passions that aim at bringing into motion changes that are desired deep in the hearts of every political party seated in parliament. Notwithstanding such desires,

there are retarding forces that also appear in the rows occupied by the opposition. In certain instances, plans whose seedlings have already begun to grow in the previous system and which we accomplished at a relatively good speed—I have in mind e.g., the system of public health physicians—were attacked from a side that participated in preparing to accomplish those plans.

"The MDF finds itself in the same situation; as a political party and an organization which prepares programs to change the system, it, jointly with the populace, believed that the changes would occur very rapidly in every field. This, however, could not be accomplished in a single ministry.

"Had this ministry been managed by another party it would have been more easy to conclude that some partisan issues were involved. This view is no longer held at the governmental level or within the party presidiums. And insofar as the establishment of a human policy cabinet is concerned, I agree with the idea to such great extent that a proposal to this effect has already been prepared at the Ministry of Public Welfare and is presently being reconciled with other ministries. I am one of the initiators of such a cabinet. Incidentally, considering all the ministries, salaries are lowest at the Ministry of Public Welfare."

#### **Rival Gypsy Organizations Exchange Accusations**

92CH0240B Budapest MAGYAR HIRLAP  
in Hungarian 19 Dec 91 p 5

[Article by P.Sz.: "Gypsies Demonstrated—Against Gypsies"]

[Text] "Today we studied the petition they submitted to the Roma Parliament and we categorically reject the contents of their petition," between 100 and 120 demonstrators were told in front of the Roma Parliament. The demonstrators at the Tavaszmezo Street headquarters were organized by the Democratic Association of Hungarian Gypsies [MCDSZ]. MCDSZ head Gyula Naday claimed that he spoke for the 110,000 members of his organization. He said that they wanted to avoid infighting among Gypsies, but the activities of the three leaders of the Roma Parliament—Aladar Horvath, Bela Osztojkan, and Jeno Zsigo—could no longer be tolerated because they discredited the various Gypsy organizations and strove for hegemonic rule. The dispute started when one million forints had disappeared from Bela Osztojkan's desk last April, according to the MCDSZ. They also object to the moral conduct manifested by the three leaders and protest actions which aim for "discrediting" Janos Bathory, the deputy chairman of the National and Ethnic Minority Office. The MCDSZ claims that Bathory is a member of the intelligentsia who sympathizes with Gypsies and that his study faithfully reflected the situation of Gypsies.

When asked what the MCDSZ planned to do before the approaching Roma Congress, Naday said that for the time being they would forward their petition to the

National Assembly, the minority office, and to Jozsef Antall. If this fails to produce results, "a thousand people will appear at the Congress" calling for the resignation of the three leaders, Naday said. In its letter to Alliance of Free Democrats [SZDSZ] Chairman Peter Tolgyessy the Naday group sought a review of SZDSZ Representative Aladar Horvath's membership in the faction.

We asked Bela Osztojkan to comment on the charges. He was deeply saddened by the fact that this was the first time for Gypsies to demonstrate against Gypsies. Concerning charges having financial implications Osztojkan reiterated that their office has been broken into, that everyone was suspect, and that the police made a big mistake in searching for culprits within the organization. There might even be a relationship between the charges leveled by the MCDSZ and the activities of the minority office, according to the head of the Roma parliament.

### **Government Charged With Undermining Kupa Plan**

*92CH0246A Budapest HETI VILAGGAZDASAG  
in Hungarian 21 Dec 91 pp 77-78*

[Article by Istvan Csillag: "The Year of the Kupa Program: Bitter Cup"]

[Text] Mihaly Kupa stands out among the ministers not only with his arrogant manner, with cynicism to avert dumb questions, and with his unheard-of self-assurance, but also as one who gave his name to the government's new economic course, thus adding style to the manner in which he is perceived. Looking back from the perspective of a year, however, it has become apparent that the government needed only Kupa's name and the study he had developed, and not the principles he had proclaimed, and to an even lesser extent the practice that could verify the correctness of those principles.

The real economic indicators for 1991 did not fall far from those projected in the Kupa program. True, the four-year "schedule of tasks" established for the "transition and development of the Hungarian economy" did not and could not have said anything else but the fact that this would be the most critical year: The Hungarian economy would be struck all at once by the collapse of CEMA and the placement of trade with the former socialist countries on new foundations, by the slowness of an evolving world trade boom, and by the mass of problems stemming from the transformation of the economic structure.

To use Kupa's term: In the "magic quadrangle" of balance of payments, unemployment, economic growth and inflation they were able to get hold of the balance of payments and inflation even under these circumstances, although this performance appears as hard to repeat on the foundation of a shrinking economy and rapidly growing unemployment, and along with an increasing number of local conflicts.

And yet, the fact that economic processes on the national scale have evolved close to what the Kupa program had projected is more a result of the spirit of this document than of the sequence of measures that have been arranged to take place. The program contained a series of measures to be implemented in 1991, measures that not only have failed to materialize but also did not even become crystallized at the conceptual level. One only has to view the 46 laws of an economic and institutional character scheduled to be dealt with in 1991, or the close to three dozen basic economic laws in order to understand that only 25-30 percent of the program could be implemented. True, the finance minister is unable to dictate the speed to the government as a whole, or to parliament, but it is equally true that not even the program proclaimed by the head of government has been able to jolt the coalition out of its "intellectual history" routine and to return it to deal with everyday economic realities.

And yet, the real important question is not whether the Kupa program has succeeded, but instead, whether the Kupa program has performed its function. The response to this question is clearly in the affirmative. The Kupa program scored well on the test, because by using it, the Antall government killed at least three flies with a single stroke. The first "fly" was the fact that by quickly assembling the Kupa program, the coalition has beaten the Alliance of Free Democrats [SZDSZ]—the largest opposition party, which promised to present its own crisis management program last summer or fall, meant to serve as a lecture regarding the confused concepts advanced by the government. The second "fly" was the circle of experts and within that the official staff, which, after the first six months of the coalition—following the "Program for National Renewal" filled with confusing images, the "Quick Program," Rabar's shock program, and the totally confused Smallholders concepts—breathed a sigh of relief when it read the once-again familiar-sounding, operational terms of the Kupa program returning to the theses contained in "Turnaround and Reform" or in the Nemeth government's liberalization program. Finally, the western world of money, and within that the IMF-World Bank couple constituted the third "fly." These institutions have a liking for network plans composed of elements put side by side in a logical order, and which are easy to check off; they were greatly satisfied with concepts that paid far-reaching attention to their expectations. It was easy to write reports about the Kupa program to the board of directors, in contrast to the confused texts produced during the initial months of the Antall government, texts which had to be deciphered.

Following the successful debut of the Kupa program Jozsef Antall was justly satisfied when he said that "this program is not bad just because the opposition and even the people like it." This statement did not mean, however, that the government would indeed follow its provisions. To the contrary: The government which has not permitted itself to be disturbed over economic events

did everything to undermine the Kupa program. This purpose was served by compensation, which increased the inflationary tension and disintegrated privatization, by the return of church property, the endeavor to artificially crush agricultural producer cooperatives, campaigns to scare enterprise managers and enterprises (the threat of being placed under state administrative supervision; the establishment of holding corporations, etc.). At the same time, needed measures to put entrepreneurial ventures on their feet came about with a delay or not at all, their results were questionable and were accessible only to an extremely narrow stratum (Small Business [Existence] Loan Fund, the Start Loan Fund, the export credit guarantee program and institution, the giro system to accelerate payments, etc.).

Regardless of the extent to which the Kupa program has been able to persuade people that the government was working thoughtfully and according to a plan, and that therefore the government was credit worthy from an economic, political and moral standpoint, in the course of implementation the government performed only in part even its "demonstrative" function [the function to show that an economic policy plan existed as compared to implementing that policy]. The fact that within the government some fierce fighting took place did not increase the moral or economic credibility of the government either. Bela Kadar was first to open a front against Mihaly Kupa, then Kupa attacked the State Property Agency [AVU] which had become oversized, and finally, the Ministry of Industry and Commerce launched an attack against the AVU and the Finance Ministry under the cover of implementing privatization based on a plan and so as to enhance structural transformation. Mihaly Kupa, and the fact that Peter Akos Bod, who, as an independent professional, was able to win the favors of the head of government and departed from the top post at the Ministry of Industry, only managed to slow down the thrust of the latter attack. Minister-designate Ivan Szabo taking the place of Bod is already very clear in defining his perceptions about giving directions.

In the course of implementing his program Mihaly Kupa had to struggle not only with the "future engineers" and "designers of the harmony of a better future" in the government and within the parties, but also with himself. He was unable to decide whether he served his own program better by remaining an expert minister (who had been celebrated abroad, by the government staff and by a society fed up with politicians), or by becoming a politician. When the finance minister had himself elected to become a [National Assembly] representative, when he publicly divulged his ambitious perceptions about developing Hegyalja, even the image of an "independent expert who had his fingers on the pulse of the national economy" has disintegrated.

The government, and Jozsef Antall, emptied the glass when it dispatched Kupa to enter the ring while parliament debated some tough tax laws and a confused

budget law, at a time when he did not enjoy the unequivocal support of the cabinet—as can be seen at least from public statements made by Bertalan Andrasfalvy and Tamas Katona.

Several alternatives are conceivable insofar as the future of the Kupa program is concerned. One alternative would be for the increasingly self-directing economy—which "is unaware of ministerial cartels"—to slowly evolve from the crisis—even if not according to the schedule shown in the program and even if not as a result of governmental actions—and to realize the Kupa program, pushing ahead of itself the "self-directing" government together with Kupa and Antall.

The other possibility—by far less favorable than the previous alternative—would be the continuation of a much graver recession than what has been indicated in the Kupa program. The years of stagnation would disintegrate all futuristic pictures that have been painted about an initial evolution in 1992, a slow pickup in 1993, and rapid growth and development in 1994.

The third and worst alternative would be if passions, whipped up by the recession, and the government's stiffness and inability to act, not only swept away Kupa together with his program (the government would sacrifice these), but also rendered the manageability of the processes questionable. One can only hope that this alternative will not materialize, and that the changes at the head of the success branch of the economy—the central bank responsible for the external balance of payments—will not be accompanied by a situation in which the government's economic policy loses credibility both internally and externally. In any event, in the 10th month of the Kupa program it appears that having successfully played its demonstrative function, the document amounts to no more today than a bundle of papers awaiting to be processed at the archives.

#### **Commercial Banking Performance Assessed**

*92CH0270A Budapest FIGYELO in Hungarian  
19 Dec 91 p 6*

[Interview with Bankers Association Executive Secretary Miklos Pulai by Katalin Ferber; place and date not given: "Self-Satisfaction... Is Not Characteristic of Business Professionals"—first paragraph is FIGYELO introduction]

[Text] Miklos Pulai is not the head of an administrative organization nor of a complex office. Ever since the establishment of the Bankers Association he has professed that the organization has been the professional interest group of commercial banks and thus he has appropriately regarded himself as the spokesman for that lobby. Lobbying is not easy. It is not easy even if the heads of commercial banks also engage themselves in lobbying by using their own methods.

[Ferber] At the beginning of the year the main goal of monetary policy has been compliance with debt service



obligations under any circumstance, thus economic policy has been fully subordinated to monetary policy. How do you view this goal today?

[Pulai] To be accurate, the original goal was not merely to comply with debt service obligations but also to control monetary processes, to maintain the financial balance and to constrain inflation within limits. The belief that the greatest problem is the indebtedness or financing the indebtedness with additional borrowing from abroad is a commonplace misunderstanding. The real trouble is not the indebtedness; many greatly indebted countries exist which nevertheless carry on quite well. Most of the trouble stems from production and sales, i.e., debt management becomes a real concern if, for some reason, production stagnates or shows a drastic decline. This is what has happened in Hungary.

[Ferber] But you would not deny that the danger which has threatened the Hungarian economy several times during the past years—most recently in 1989—exists, and that this danger is none other than insolvency, would you?

[Pulai] I am sorry to disappoint you, but I must repeat to you what I have said many times before, that like other countries, Hungary, too, will receive additional loans.

[Ferber] Why is that?

[Pulai] There are several reasons and I will mention only two. One is that we have been good debtors all along. Not only because we have been making payments but also because we have done and continue to do many things to strengthen our credit worthiness our main creditors approve of. These include the reform measures of the 1980's, the present privatization process, and enterprise development and modernization. On the other hand, it would not be in the interest of our creditors to declare us unworthy of credit, because to who else could they lend their superfluous money if not to us? There will be new credit as long as Hungary is capable of maintaining the good image it has fortunately maintained thus far. Neither monetary policymakers nor the government could have predicted of course that the decline in the national product would be so drastic—it amounts to almost 10 percent.

[Ferber] How do you explain the fact that along with so great a reduction in the GDP last year more than 60 percent of budgetary revenues resulted from profits made by banks?

[Pulai] First of all we should clarify the amount at issue. Whenever it comes to banking profits one observes hair-raising inattention insofar as statistical methods are concerned. Banks produced 51 billion forints in profits during the first half of 1991. In looking at this figure, however, one must consider that banking profits are perhaps the best controllable, easy to record data because in many fields of the economy there is no reliable data concerning profits. In any event, businesses obligated to

maintain dual accounting, so called, produced 165 billion forints in profits during the first six months. Accordingly, we could say that roughly one-third of the profits recorded were banking profits. Of the 51 billion forints you have mentioned 12 billion were earned by the Hungarian National Bank [MNB]. The remaining 39 billion forints does not seem to be excessive as compared to the 165 billion figure, and this does not even include the profits earned in agriculture and by small entrepreneurs.

[Ferber] What is your projection for the entire year insofar as total net profits in the economy are concerned?

[Pulai] The reduction in national product we already mentioned undoubtedly covers a significant difference in the pace of profits earned by financial institutions on the one hand, and other fields of business, on the other. Nevertheless I am unable to perceive a situation in which the effects of the severe decline in the productive branches of the economy would not catch up with the banking sector. It is equally obvious to me that we are witnessing a delayed effect and that this will be seen in next spring's financial statements prepared by banks, and in the financial management of banks throughout next year. One could also say with a high degree of probability that the implementation of the new accounting law, the banking law and the bankruptcy law will produce significant changes in the situation of banks and in the size of banking profits.

[Ferber] Specifically, what does this mean?

[Pulai] The deterioration in our clients' financial condition that has taken place and will continue to take place, will increase the risk of outstanding receivables as well as the amount of questionable and failed receivables. It should be clear that the deterioration in our clients' financial condition will, sooner or later, be accompanied by failures to repay their indebtedness. Banks must prepare themselves now to offset the credit losses they expect to incur, i.e., they must build reserves that enable the banks to survive the shortfall to be caused by losses.

[Ferber] What is your estimate of the size of future losses? I am asking this because it is well known that the largest commercial banks have already prepared themselves to establish a specialized financial institution to mobilize their questionable receivables. The National Bank of Commerce and Credit [OKHB] was first to establish Kvantum Bank, but rumors are that the rest of the financial institutions are also considering the establishment of similar institutions.

[Pulai] Financial institutions are very wise in providing such solutions because long-range planning is indispensable from the standpoint of wise business policies to be observed by financial institutions.

[Ferber] As the executive secretary of the Banking Association, what is your view of the insolvency of small or large financial institutions?

[Pulai] I believe that the situation that has evolved in regard to Ingatlanbank [Real Estate Bank], Inc., and the Szili Savings Bank represents a learning process for the financial institutional sector, in the favorable sense of that term.

[Ferber] Accordingly, are you satisfied with the 1991 performance of the financial institutional sector?

[Pulai] I believe that self-satisfaction is not really characteristic of professionals who deal with economic issues.

### Mazowiecki on Crisis, Government Transition

92EP0147A Warsaw RZECZPOSPOLITA in Polish  
17 Dec 91 p 3

[Abridged version of speech given by Tadeusz Mazowiecki at the meeting of the Democratic Union Council on 15 December 1991: "The Danger of the State Crisis"]

[Text] We are dealing with a growing state crisis. The current manifestations of this crisis are the antagonism between the president and the parliamentary majority lined up according to immediate interests, the instability of the Sejm and the political structures occurring within the Sejm and the breakup of political forces. Earlier on, such state problems as the budget deficit and the weakening of the operation of all elements of the public administration became evident.

This growing crisis may become terrible, especially if the Sejm continues to line up according to immediate concerns. This crisis in state is leading to a deepening of the social crisis that is accompanying our changes and it emanates from the difficult material situation and from the difficulty of getting one's bearings in the new economic conditions. Underlying it is a crisis of authority that came about as a result of the so-called war at the top and that was exacerbated during the parliamentary elections, due in part to the involvement of the clergy. Likewise, the authority of the church has been subject to a serious crisis among society. Related to all of this is the devaluation of politics and politicians in the eyes of the so-called ordinary people, who do not understand the political scene and who are more and more rebellious.

We must be clearly aware that the increasing crisis of state is taking place in a situation in which an efficient state is demanded by external conditions—the international situation. We are dealing with the progressive disintegration and the shaping of a new system to Poland's east. This carries with it various dangers. We cannot forget that this multi-state creation possess atomic weaponry, not to mention the possibility of nationalities conflicts. On the other hand, we must count on progress in social integration in the West, which poses certain problems for the states of Central Europe. There is the question of the extent to which such integration will signify the closing in of the states of our region upon themselves and their preoccupation with their own problems in the face of states which are unstable and in conflict with each other.

The overcoming of the crisis of state may be seen in two versions. The positive version assumes that a sort of political self-control will take place and that an initiative for the joining together of the forces of responsibility for the state will be born, as a result of which some sort of psychological breakdown of society will occur. The negative version, which I would certainly not disregard, is the concentration of the forces of destruction and social outburst against the entire existing political scene, which seems to people not to offer a way out of the country's difficult situation. Perhaps none of these scenarios will

be implemented—a long term, as if convulsive development of the political situation and protracted chaos in state institutions are a possibility.

We must see the role of the union against the background of these dangers. We have suffered various defeats, but we can foresee that the union is not one of the elements that have caused the state crisis. On the other hand, we must be aware that the negative attitude to the entire political scene is also turning against us.

More or less since the election, a normalization and even warming up of relations between the union and the president has taken place. This should be seen, however, in its proper framework, against the background of the entire political philosophy of Lech Walesa, which is based upon the equalization of all elements occurring on the political scene. The president has an innate and valuable conviction that turning away from the line of economic reforms, in particular changing from an anti-inflation policy to a pro-inflation policy, would cause a basic change in the relations of the West to Poland. In the president's line one sees a constant aim to strengthen his powers. The problem is that he does not differentiate elements which are valid and indispensable from elements which arouse controversy, and the method by which he wishes to strengthen his own authority envisages the strengthening of powers without the strengthening of responsibility. It may be said that the demand for increasing presidential authority is not accompanied by the assumption of a partnership with the parliament and, to an appropriate degree, with the prime minister. What complicates the situation the most, however, is the fact that in the implementation of this line one sees the enormous role that continues to be played by the factor of personal conflicts.

The union never expected an answer from the coalition to its one-time formulation of marginal terms of participation in the government. It is difficult to assess the coalition program; there are statements, which are now more and more frequent, speaking of continuation, but there are also other statements speaking of the halting of privatization for a certain length of time, statements which cause alarm. Thus, the program presented just recently and the make-up of the government may predetermine our attitude to the government. Recently the PC [Center Accord] and the PL [Peasant Accord] (but not the whole group of five) suggested the possibility to the union of its finding itself in the Olszewski government because some government must come into being in Poland. Moreover, at some point this whole prediction of a crisis period government must finally demonstrate its effectiveness and genuineness; otherwise, it will always be said that there was an opportunity to make a break and someone rendered it impossible. We will take an outside position with regard to the government; there is merely the problem of the color the expression of this will have—we may be in reserve and may be used only to survey what this government is really doing, or our position may be sharply and clearly a negative one. That will depend upon the program and the make-up of the

government. The prognosis of whether this government will endure is rather pessimistic.

What are we to do in this situation? Above all, the unity of the union should not be weakened. At a difficult time for us, people have emerged to suggest that it would be better if we split up. There are voices both from outside and inside the union. No one is preventing the exchange of thoughts within the party—differences exist and they have the right and the possibility of being expressed—but we are dutybound by concern for the totality of the union. The political will must exist to act not only on behalf of the individual orientations of the union, but also on behalf of the party's position as a whole. The historical situation which called the union into being has not spent itself.

I personally continue to believe that the crisis of the state is showing itself to be not a crisis of disintegration but one of transformation. In situations of a difficult transformation, people need something that could be called the leitmotif of their attitude and their action. In our political situation, it is easier to formulate negative leitmotifs which have a great range. It is easy to play upon the slogan of decommunization but we all know that decommunization is not exclamations but a change in state structures. It is very difficult to express positive leitmotifs, but we all sense what the gist is: the ability of the state, which is the great self-government of society democratically organized in the state, to govern.

### Critical Look at Society, Elites, Power

92EP0147B Warsaw *POLITYKA* in Polish No 51/52,  
21-28 Dec 91 p 3

[Interview with Aleksander Smolar, political scientist, by Jacek Poprzeczko; place and date not given: "Let Us Become Decommunized"]

[Text] [Poprzeczko] I have been trying to get you to do this interview for a very long time....

[Smolar] I do not like to make public statements. I hesitate to do so because of my situation: For personal reasons I am halftime in Poland and halftime in Paris. Another reason is a certain dual perspective I have as I view Poland's affairs. My 18 years of emigration and my professional involvement with Poland in the West lead me to look from a distance, emphasizing the many determining factors and meanings. On the other hand, my personal commitment and the role I have undertaken demand that I formulate unequivocal assessments and suggestions. While I think that this duality has certain advantages, it is difficult to overcome it in public addresses. It is easier to reconcile these two ways of expressing myself in a seminar hall or during the course of discussions in small political bodies.

[Poprzeczko] Other people who have emigre experience do not have these doubts.

[Smolar] Perhaps other people do not have them, but I do. I also say openly that I have, let us say, a quite ambivalent attitude to your newspaper, for many texts from the past are embedded deeply in my memory. That is another reason I was in no hurry to give this interview.

[Poprzeczko] I see that this "double vision," bolstered in your case by scientific knowledge from several disciplines—economics, sociology, and political science—makes it possible for you to discern which sin you should save to talk about in a small group. Furthermore, your participation in Polish political life did not begin with your coming to Poland.

[Smolar] True, I was a political emigrant in the full sense of the word. It was no so much that I left Poland as a result of political repression but rather that for a time I left behind my life in the West—along with my family and friends—due to my involvement in Polish issues. We published the quarterly ANEKS, which reached Poland. It enjoyed a certain popularity; this gave us much satisfaction after our years of emigre isolation. We also established a book publishing house under the same name which is still in existence. We maintained contact with the oppositionist community in Poland and we tried to help them in various ways—both intellectually and materially. We did all this with the awareness that we might not ever be able to go back to Poland.

In the spring of 1990 I received an invitation from Tadeusz Mazowiecki, whom I knew very little, to come to Warsaw and become his adviser. I went, to a country that was completely different than the one I had departed, and I began advising. I always presented my own point of view in a completely open manner, not hiding my doubts and reservations. I even did this when I doubted the accuracy of my own judgments. Moreover, I avoided making evaluations on matters which demanded a better understanding of the current realities of life in Poland than I myself had. Meanwhile, I studied these realities. Following the resignation of Tadeusz Mazowiecki's government, I became an adviser to the Parliamentary Club Democratic Union. All this occurred within the framework of a leave of absence. After being invited to Poland, I took a year's sabbatical from the research institutions in which I work in Paris—Centre National de la Recherche Scientifique and L'ecole des Hautes Etudes en Sciences Sociales. Now my family is in France and I am here a little and there a little. Since the first congress, I have been a member of the National Council of the Democratic Union and also president of the Stefan Batory Foundation.

[Poprzeczko] Since you are no longer an "institutional adviser," how would you define your present political function in Poland?

[Smolar] Here I would use the term that my French superior Raymond Aron adopted for his own use. I am an involved observer.

[Poprzeczko] Are you involved more, or are you an observer more?



[Smolar] I am involved more.

[Poprzeczko] From this viewpoint, how do you assess what is happening now in Poland? The first free parliamentary election has been held. The last formal requirement for creating a system of parliamentary democracy has been fulfilled. Then do we have a democracy in Poland?

[Smolar] We cannot say that the process of creating a democracy has been completed. At the same time, my point is not that the Sejm is divided and that various exotic groups have made their way into it. Democracy is a building of many stories; a freely elected president or parliament are merely the crowning elements of this structure. To continue with this metaphor, we can say that we have this crown—never mind what kind of crown it is—but what about the foundation and the other floors? A true market economy must be the foundation of democracy; in addition, a civic-minded society must exist, i.e., a system of consolidated relations between people and behavioral habits which make possible real participation in public life. These should exist in the form of various kinds of organizations and institutions which are independent of the state. Equally important elements are the universally accepted ethics motivating "democratic behaviors" and the law which sanctions these behaviors.

Ralf Dahrendorf, in his book on revolution in the East European countries, wrote that the political institutions of democracy may be created over the course of six months, that the creation of a market economy may take six years, but that the creation of a civic-minded society will take 60 years. And too many of our people think that we are already a normal society and have said that we are lacking only free parliamentary elections to be a true democracy. This can lead to tragic misunderstandings. A democratic political system without a market economy and a civic-minded society is by nature a cripple. We see this in all East European countries.

[Poprzeczko] But the creation of the ties that make up a civic-minded society did not begin from the moment that socialism broke down. It has lasted for centuries. This process has its own specific traits and its pathologies because for a long time the state was something outside of, and external to, society. But this happened and had it not happened the change in the system would not have been very possible.

[Smolar] That is true, but I am purposely exaggerating the issue because we must clearly see all the difficulties that must be overcome to make Poland truly modern, open, and tolerant. Naturally, everyone is aware of the factors that have made it possible for Polish society to maintain a certain autonomy: the tradition of resistance from the time of the partitions, the church's influence, the refusal of agriculture to subject itself to collectivization, and the like. The democratic opposition in the 1970's and 1980's built its ideology based on the conviction that the social ties created despite a system of

oppression would constitute a substance permanent enough to serve as the foundation for a state of democratic freedoms. Now it is evident that this opposition was deluding itself. The capacity for collective action was weakened and asocial attitudes and behaviors were reinforced over two generations.

[Poprzeczko] Was August 1980 not an example of a spontaneous and, at the same time, extremely effective collective action?

[Smolar] Undoubtedly it was. The entire world appreciated this, but it was a special action which was effective as an instrument of resistance. I would say that in Poland a civic-minded society came into existence which had a minimal ability to offer resistance. The colossal effort required to attain this ability is another matter. Nonetheless, when it came time to create, how much we lack, how little skill we have in organizing ourselves to take constructive action and how rickety our political parties are became evident.

August 1980 and Solidarity are a beautiful chapter in our history. However, it is wrong to make of them a kind of myth and to try to use this myth for political purposes. Besides, it is evident how ineffective this is. I truly believe that all the people who represent the various factions of the once unified Solidarity, or at least those people of higher caliber, are people of good will. But now our society needs another type of mobilization than the type that it was able to achieve so impressively by the social appeal to resist communism. Conditions are different now. We cannot rationally or effectively rehash the myth and call for decommunization when communism is not the threat. And if communism is the threat, it is in a different sense, a much deeper sense. Communism is present in all of us. I, of course, do not aim to absolve those communists who ruled Poland and who have real sins, all those people who are responsible for repressions, both physical and spiritual. If a state of the law is to exist in Poland, crimes must be punished. If a proper moral climate is to exist, unethical acts should be censured. But this is just one of the obvious elements for ordering Polish affairs, not a general prescription for resolving them.

Real decommunization must consist, among other things, of ridding ourselves of reflexes, ways of thinking and inclinations to certain dangerous ways of acting which communism shaped—to a greater or lesser extent—in the victims of its activity as well. We cannot decommunize by communist methods.

[Poprzeczko] You are not the only one to interpret the slogan decommunization in such a lofty tone. But is it not merely an instrument in the power play in the post-Solidarity camp? And has this power play not destroyed something very valuable—the real social consensus which developed after the Roundtable and which managed to sustain the government of Tadeusz Mazowiecki until the time of the "war at the top?"

[Smolar] The slogan of decommunization was not merely an instrument. There is and was in it a desire for justice, a desire to punish the guilty and to right wrongs. The fact that it was difficult not to perceive in its manner of expressing the slogan and in its interpretations of the danger of discrimination and of the use of the principle of collective responsibility the danger of decimating the elite is another matter.

Certainly the "war at the top" played a substantial role to weaken the social consensus. An important element of the discord—and here the people of Solidarity are clearly to blame—was something that may be called the illusion of the normalcy of the Polish situation. On the one hand there was the faith that it would be possible to move normally slowly, quietly, in a civilized manner, step by step from communism to democracy and the market. But I am afraid that that faith lacked a certain sense of the tragic nature of events. Meanwhile, there were human ambitions, animosities and the illusion of normalcy, which was expressed in the aspiration to develop a multiparty system immediately. Efforts were embarked upon to crush systematically the Solidarity camp, which, after all, was a complex conglomerate from the very beginning, even if this complexity was dominated by a unity indispensable to oppose oppression. And the result of this is evident to all. Instead of banding society together, instead of giving meaning to statements and instead of strengthening the conviction about the basic validity of the chosen path and the need for statements that would last, political class contributed signally toward society's becoming lost and disoriented, and society is now recovering with great difficulty amid a changing reality, in the face of previously unknown problems.

[Poprzeczko] Are you trying to say by this that "society has not matured"?

[Smolar] That is not the issue. Society is what it is, and politicians must learn how to understand its status quo and its reactions and the causes of these, acting in a corresponding manner without adulating every stupidity. In all fields and particularly in the economy, we must make very extensive changes. Society's support, or at least its permission, is indispensable for this. The government must be strong in this support. During that happy period immediately following the fall of communism, it seemed that the new government has gained this support. Meanwhile, it is clearly evident today that our state is very weak and its actions are meeting with growing resistance.

Why is this happening? The critics are saying that our economic policy, which is causing a decline in production and income and an increase in unemployment, is to blame. There is much truth in this. In its basic outlines, however, this policy cannot be anything else than it is. All announcements of the slackening of budget discipline, of the weakening of privatization and of the protection of the Polish economy by an expanded system of subsidies and tariffs constitute a danger to our future.

But at the same time, the policy of radical changes antagonizes broad groups of society that are expecting protection and help from the state. At the same time, a strong social and political base for radical change has not yet arisen.

Under these conditions, democracy is paradoxically fostering the strengthening of forces inimical to Poland in its modernization—both on the left and on the right. Liberalism, which lies at the foundations of modern democracy and a modern market economy, is being criticized in the name of national, populist, community, socialist, Christian, and conservative ideals. The growth of state responsibility is being called for, when the goal should be to limit government's role. The legacy of communism, present in us all, is expressed in our failure to accept the spontaneity of social processes not controlled from above (and spontaneity is another word for freedom) and in our weak acceptance of social differences and nonstate ownership.

This heritage is expressed in our misreading of reality. All horizontal social conflicts are, in the human consciousness, translated into vertical conflicts between "society" and "authority." This causes a pressure of demands addressed to the state to which the state cannot find an answer. In this way, paradoxical alliances develop between those representing interests which are logically in conflict (consumers and producers, peasants and employee trade unions, etc.).

The political representations of the most diverse social groups are joining together to make revindictory demands. They are focusing all their energy on putting pressure on the government. If something is to change, then let the government do this or that. Thus we have in effect an unconscious demand for restoring those relations between the government and society that society was protesting.

[Poprzeczko] Since the specter of communism continues to hang over us, how are we to decommunize effectively, especially since the spectre of ineffective communism, false in its assumptions and pregnant with disturbing social consequences, also threatens us?

[Smolar] Our emergence from communism is a lengthy process that will take place on many planes. I have mentioned several of its deepest layers. I do not doubt that this process requires changes in the law so that the concept of the state of law does not turn into a caricature of itself; radical modifications of management structures are needed. The process of emerging from communism must likewise occur on the moral plane, for the democratic community has moral substance. Confucius, when asked what must be done to reform the state, replied: Above all, a thing must be called by its name. The picture must not be obscured. Excommunists, like everyone else, may criticize the present order. However, they should always keep in mind the burden of the past. To a great extent, it is the fault of the people of Solidarity that the representatives of the camp of the former government

quickly manage to forget about their historical responsibility. Cured by a sort of mild amnesia, they unmask subsequent democratic governments with zeal and daring. And perhaps they are right that the representatives of the new government often do not represent a higher level than the nomenklatura people, either ethically or professionally. However, they should not forget that there is a basic difference between government which is imposed and government which is freely chosen. The new elites, with all of their shortcomings, reflect the status quo of our society. And if this status quo leaves much to be desired, to put it delicately, then the responsibility of the camp which ruled Poland since 1944 is enormous here. This should incline those who otherwise have the right to take advantage of all kinds of citizen's freedoms to have some humility, to reflect on the problem of guilt and responsibility, to perhaps make a public statement: *mea culpa*. The lack of such an ethical purgation will foster nihilism and undemocratic tendencies in our society.

[Poprzeczko] In an essay published at the beginning of this year in *RES PUBLIKA* you wrote: "There are two basic ways out of the dilemma created by the policy of radical changes under democratic conditions: one is the attaining of a strong consensus in the name of reform among the main social and political forces of Poland, making it possible to avoid ruinous political bargaining and uncontrolled revindication. Another way out, which may prove to be unavoidable if the democratic route fails, is a more or less limited form of coercion, eliminating from the public place the forces and interests that threaten modernization." In this interview you have described the situation in Poland from many aspects and your conclusions appear to me to be pessimistic. In light of what you have said, the attainment of a consensus appears to be very difficult. Are we threatened then with the second way out which you wrote about, as I understand, in the course of your warning prognosis?

[Smolar] As I have already said, in an intellectual analysis, one purposely exaggerates problems in order to see them clearly. Obviously, an attempt at some sort of dictatorship as a response to an unsuccessful attempt at modernization is not a purely theoretical question for Poland. In the West, following the euphoria of 1989, a marked pessimism appeared regarding the prospects for change in Poland as well as in other postcommunist countries. These countries look at our internal quarrels, anachronisms and eruptions of nationalism and derive the impression that Polish society seems to have come out of the deep freeze, that some forms of political life from the interwar period are reviving in it. There is a gross exaggeration in such a picture—which sometimes presents itself to some of us as well. Poland has a host of problems which lead us to think seriously of a pessimistic scenario for the development of events, but there are also numerous sources for optimism, thanks to which we may conclude that the democratic variant will be implemented.

- In the first place, in the dramatic history of the last 50 years, our society has become allergic to force. Society will stand in opposition to the danger of a dictatorship, no matter where it comes from.
- In the second place, the international context is completely different today. During the interwar period, two extremisms were on the offensive—the fascist and the communist—while democracy was growing weaker all over the world. Today democracy is triumphing, not only in Europe, but also in Latin America, Asia, and Africa. The rights of man have become something of a modern religion, a religion of liberated reason. In my opinion, this is not a transitional phenomenon.
- In the third place, aspirations to be part of a normal world are very strong.

Moreover, the very fact that "normalcy" in our language means something which is a desirable value shows how very abnormal the situation was in Poland. This normal world—of the developed European democracies—is a mirror in which we look and in which we shall also see our twisted mouth, if we have one.

I see the real danger not in the dictatorship, which I do not think has great opportunities, but in the disintegration of the state, in the weakening of collective ties and in the decline of authority—understood as the ability to organize the energy of society for the common good—not in its excessive concentration. The process of the fragmentation of the empires and states emerging from communism is taking place at present; similar phenomena may be observed in the societies of our region. The forces of disintegration appear to be getting stronger. Indeed, there is something worse than the traditional authoritarianism: anarchy, chaos and the loss of community.

While I hold fast to everything I have said about the shortcomings of Polish democracy and its deepseated causes, I would like to say that I also see another side—all those developing germs of initiatives in the economy and in social and political life which create the substance of a civic-minded society. In addition, those parties which in their rhetoric seem to be completely irresponsible will have to learn responsibility in their encounter with reality, where words are not enough and where we shall have to rule together or act effectively as a parliamentary opposition. It would have all gone more quickly if there had been a general awareness of the properties of democracy. Hence, democracy can function as an effective mechanism for solving conflicts and for bringing to light the collective will only when disputes concern interests and concrete issues, and not religious convictions, values or symbols. If parties do not represent interests which are reconcilable, but religions, values and symbols, which are by nature not negotiable, then we are dealing with a cold or even a hot civil war. Of course, we must argue about values, but such a confrontation cannot dominate the sphere of practical policy, for this threatens the ruin of the mechanism of democracy.

[Poprzeczko] Thank you for the interview.

**Private Sector Imports, Factory Growth Noted***92EP0152E Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 18 Dec 91 p IV*

[Article by P.J.: "More Private Enterprises, but They Are Weak"]

[Text] In the third quarter of 1991 the value of import conducted by the private sector amounted to 15,478 billion zlotys [Z]. This means that during the course of a year it grew more than eight-fold (by 702 percent). During this time, the value of import paid for in dollars totaled \$1.38 billion (a growth of 607 percent), and in rubles it amounted to 15 million (a 57-percent drop). Counting the total value of import conducted by the private sector in the three quarters of 1991, it appears that it totaled Z42.7 billion (\$4.2 billion and 137 million rubles) and was five and a half times higher (a growth of 547 percent) than during the same period the previous year. During the three quarters of 1991, private enterprises exported goods worth Z13.7 billion (\$1,216 million and 423 million rubles). This is "only" 203 percent more than the previous year. Because 13.8 percent of export and 43.3 percent of import falls to the private sector, this difference between the movements in export and import did not cause an unfavorable balance in foreign trade. It appears that it is mainly the activities of physical persons and civil companies that have a negative effect on the balance. They implement 30 percent of the export and 52 percent of the import of the entire private sector.

Receipts from the private sector in other fields of our economy are also growing. Calculating in fixed prices the value of receipts from the sales of production and services in private industry during three quarters of 1991 rose 8.4 percent, compared to the same period the previous year. In construction, this growth amounted to 30.5 percent, and in transportation it was also 30.5 percent. Unfortunately, the share of the private sector in these three fields of the economy is too small for the growth in production to compensate for the decline in receipts in the public sector (i.e., municipal and state). Of course, the private sector's share in the structure of receipts in these three fields of the economy is steadily growing. In industry this share is 22.1 percent (in 1990 it was 17.3 percent), in construction it is 43.9 percent (compared to 30.6 percent in 1990), and in transportation it is 16.3 percent (11.8 percent). Thus the process of privatization of the economy is proceeding more and more quickly through a recession in the public sector, while at the same time production in the private sector is growing.

The number of private enterprises is steadily rising. At the end of September 1990 there were 13,656,000 of them. This indicates an increase of 2,301,000 since the beginning of the year (20.3 percent). In the conclusions at the end of the Central Planning Office report we read that in 1991 small and medium enterprises in the private sector developed too slowly and irregularly, insofar as

number, size, and nature of activity is concerned, to make a difference in overcoming the recession or to fully utilize the labor force that is leaving the public sector. At the same time, most of the enterprises now being formed operate in the nonproduction sphere, which does not require a large amount of capital.

**Industry-Trade Ministry on Liquidation Efforts***92EP0152C Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 18 Dec 91 p IV*

[Interview with Jacek Krawczyk, secretary of state in the Ministry of Industry and Trade, by Antoni Kowalik; place and date not given: "Liquidations—the Fewer the Better"]

[Text] [Kowalik] The ministry's analysis lists 15 reasons why liquidations are not proceeding as they should. Generally speaking, the procedures are complicated and the time that these transformations takes is too long. Is it possible that a decision to liquidate an enterprise could not only be made but also implemented within the planned target date?

[Krawczyk] We have made many efforts to make this possible and some of them have already produced results. They are aimed at simplifying the procedures applied and shortening them to the extent possible. Methods of standardizing the procedures for making these changes are also being developed, i.e., a sort of philosophy of liquidation is being worked out.

[Kowalik] What, concretely, has already been done?

[Krawczyk] We signed an agreement with the Ministry of Labor and Social Policy on mutual cooperation pertaining to the privatization of enterprises as well as the liquidation of inefficient entities. We will learn which enterprises can be liquidated. In addition, representatives of the voivodship labor offices will be members of teams preparing liquidations.

Another very important matter is the agreement with the Agency for Industrial Development, based on which this agency will be the liquidator for all enterprises covered by the procedures for "insolvency" liquidation. This is what will allow us to standardize procedures. The "different schools" applied thus far have caused very diverse consequences, e.g., financial, but also for investors. It was difficult to compare the duration of liquidation as well as expenditures and receipts. Hence the concept that a specific institution fulfill the function of liquidator and keep everything in one hand. This will allow us to transfer funds exactly where they are needed.

Thus, as soon as a decision to liquidate is made, we have a liquidator and a plan of action. This should shorten these processes.



[Kowalik] And what about the management of the assets left after the liquidation?

[Krawczyk] That continues to be a troublesome problem which still remains to be solved. Overinvestment in some enterprises is enormous. There is a lot of surplus property which makes the situation of many plants even worse. In Lodz, for example, the inability to get rid of surplus property very effectively blocks restructuring. Therefore, a government department must be formed to take care of the property which no one wants to buy or assume in lieu of a debt. The idea of creating such a department has been criticized, but thus far no one has thought of anything better. The new government will have to return to this matter because it is urgent.

[Kowalik] What will happen to the applications for liquidation which have already been submitted to the ministry?

[Krawczyk] At present, 26 applications from the law on privatization and 21 from the law on state enterprises are awaiting investigation. We have recorded them in a computer, which is a new procedure. We believe that responsibility should be strictly fixed, which means that documents should not circulate among officials and departments. All applications submitted before December 1991 will be considered this month. For the first time there will be no backlog of these cases.

[Kowalik] Of the 300 enterprises which are operating at a loss, how many should be liquidated?

[Krawczyk] The fewer the better. The problems that many of them have are temporary and liquidating these enterprises would not be justified. Reasonable criteria should be set and these enterprises should be divided into those which should be liquidated and those which should remain. The proportions will depend on what kind of policy the new government accepts in regard to state enterprises. Some plants have already sent in requests that rectification proceedings be instituted.

[Kowalik] So, should they be rectified or liquidated?

[Krawczyk] A cost-effective analysis should answer that question. We have to figure whether, for example, it is better to maintain a thousand unemployed or whether to restructure the factory and let these people continue to work there. The decision is the result of a choice. The fact that the enterprise is now operating at a loss is not sufficient reason to liquidate it. Attempts at rectification must be made. And money from foreign assistance should be designated specifically for this purpose because it is here that this assistance would be very concrete and essential.

### **Enterprises Endure; Liquidation Hard To Implement**

92EP0152B Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 18 Dec 91 p IV

[Article by A.K.: "Harder To Go Bankrupt Than To Endure"]

[Text] Liquidation of state enterprises, both that which eliminates those facing bankruptcy and that which is carried out for the purpose of privatization, has turned out to be a poorly used instrument in the restructuring of the economy. In both cases these transformations were completed in scarcely a few dozen enterprises. Yet, as the analyses prepared by the ministries show, there are 300 enterprises that qualify for liquidation, for that is how many of them are operating at a loss or do not have money even for taxes.

This does not mean that precisely that many enterprises should vanish from the country's economic map. The financial troubles that many of them are having may turn out to be temporary, which means that they do not require liquidation but a rectification program. The number 300 means that it is precisely that many enterprises that require the intervention of the founding organ. Which of these two possibilities the founding organ will avail itself of—liquidation or rectification—will depend on many factors. The most important, of course, is a cost-effectiveness analysis, and social considerations when the plant is the only place of employment in the town or area.

But the production figures of enterprises, their financial health, and their ability to sell their products shows that there should be far more bankruptcies than there have been thus far. There are factories that have no future on the market, whose activities are artificially maintained. This means that losses are also maintained and multiplied, especially since liquidation does not mean that the factory will be completely destroyed. After all, this process makes it possible to take over a useful asset and build a vital market firm on what remains of an inefficient enterprise. Thus an early liquidation may turn out to be a salvation, e.g., for workplaces and for productive capacity.

Liquidation, in practice, has turned out to be an endeavor that was difficult to implement and which required too much time. An analysis made by the Ministry of Industry and Trade shows that the most serious obstacles in the way of this process include the following:

- Difficulties encountered by the liquidator in obtaining a decision confirming the right to use the land and own the enterprise buildings in perpetuity. Waiting for the voivodes' decisions in these matters very often prevents the sale of the assets. Then, when a decision has already been made and it appears that the buildings were not built out of the enterprise's own funds, a new problem arises—ownership rights

can be obtained in return for payment, which generally entails large sums of money which are not available.

- Very limited possibilities of obtaining fixed assets by means of the procedure then in effect, i.e., through auction. It is not very successful due to the high price of fixed assets, low demand, and lack of a capital market in Poland. The same applies to nonproductive assets such as residential buildings, water-supply installations, heat-generating plants, health centers, and preschools, for which there usually is no demand even if a free take-over is possible. Other than through sales, regulations, no other way to take over a plant's liquidated property. At present, donations (deeds of gift) can also be utilized, but these arouse a great deal of reservation.
- Lack of money for liquidation. This is particularly burdensome in the initial stage of liquidation when employees should be given severance pay or paid back wages, because the enterprises are not able to draw credits for liquidation purposes.
- Problems encountered by the founding organ in managing the enterprises' property which remains after liquidation; it should be sold or contributed to a company.

The problems which liquidation for privatization purposes entails are similar. In the case of leasing agreements, the basic limiter is the financial barrier, i.e., the requirement that founding capital must be accumulated. Every property appraisal adds to these problems and to the fees connected with its leasing. The requirement that nonproductive assets must be disposed of before privatization is concluded greatly prolongs the procedure or in many cases prevents completion. High costs, subjectivism and the long time it takes to set a price on production property arouses a great deal of controversy. Privatization liquidation is often made difficult by the banks, which at the moment this process begins, sharpen their policy in relation to the enterprises transformed by this method.

A separate problem which affected the efficiency of the process of privatization through liquidation was the inadequate, thus far, coordination of actions between both ministries—industry and trade and ownership transformation. This had a particular impact on the atmosphere and the results of talks with foreign investors.

#### State Enterprise Privatization Summarized

92EP0152A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 18 Dec 91 p IV

[Article by A.K.: "How Are the Companies Managing Themselves?"]

[Text] Of the more than 8,400 state enterprises in Poland, 976 have been privatized thus far. Figures compiled by the Ministry of Ownership Transformation indicate that as a result of these changes there are now

over 200 one-person state treasury companies, 175 joint-stock companies, and 52 limited-liability companies. They have at their disposal more than 41 billion zlotys in joint capital stock, i.e., 509 million shares of stock. At the same time, 749 enterprises have been liquidated. However, 20 factories are being privatized on an individual basis.

The number of enterprises which are being privatized in particular sectors of the economy are as follows:

Most of the capital transformations were made in the following voivodships: Katowice, 21; Warsaw, 16; Opole, 15, and 14 each in Bielsko Biala, Gdansk, and Lodz. Liquidation, however, occurred most frequently in the following voivodships: Warsaw, 50; Katowice, 43; Olsztyn, 38; Wroclaw, 34; Koszalin and Lodz, 28 each. But in the following voivodships not even one capital company was formed to the end of October 1991: Biala Podlaska, Chelm, Ciechanow, Lomza, Siedlce, Skierniewice, and Slupsk.

The economic condition of the companies varies. Thirty-six of them did much worse than previously. The most important reasons for the drop in their economic indicators, according to the companies, are inability to sell their products, limited influence on prices, difficult access to credits, and broken—for various reasons—foreign contracts. The payment hold-ups also cause a difficult situation, forcing the enterprises to look for other ways to obtain money.

According to the analysis made by the Ministry of Ownership Transformation, the majority, over 70 percent of the companies, engage in foreign trade, mainly with the West. A recent typical characteristic is the reduction in contacts with the former socialist countries and the USSR.

The companies utilize 50 percent of their assets, on average. Most of them are not able to make full use of their productive capacity.

Examination confirms that those enterprises that undertook to restructure themselves have improved their condition—after temporary problems during the initial stages of these transformations.

	Total Transformations	Liquidations
Industry	387	199
Construction	240	213
Agriculture	135	134
Transportation	54	48
Trade	103	102

An urgent problem that must be solved, according to company representatives, is the financing of enterprises which for various reasons run into temporary troubles. At present the only institution giving such assistance is the Agency for Industrial Development. There are

already examples of bank loans granted with property or stock as collateral. Such actions should now be channeled and an external mechanism should be created to give financial assistance in restructuring.

### Case Study: Sipma-Italian Joint Venture

92EP0152D Warsaw RZECZPOSPOLITA  
(ECONOMY AND LAW supplement) in Polish  
18 Dec 91 p IV

[Article by Ada Kostrz-Kostecka: "Who Does Not Like the Italians?"]

[Text] One of the first joint-venture companies, Lublin-Sipma, in existence since 1989, is not lucky. Its founders were the Lublin Farm Machines Factory (formerly AGROMET), three Italian partners: Ruggierini Motori Sp.A., Barbieri F.B. Macchine; Agricole S.R.L.; and Omas Sp.A. In addition, on the Polish side: "PZ Swidnik" Communications Equipment Factory, Truck Factory in Lublin, and CHZ company "Agromet-Motoimport." The result was that the Poles had the deciding vote.

Recently things were going badly in the company, which produced mini farm tractors and low-power engines. Money was needed, as well as technologies and new sales markets; therefore a search was begun for a new partner. The partner turned out to be the Italian firm Same, one of the largest tractor producers in Europe.

Same came into the company with cash—\$700,000 and a contribution of machines and equipment which it committed itself to deliver by the end of the year. The Italian side, therefore, obtained a majority, 54 percent, of the shares in the company. On the basis of a unanimous decision of the erstwhile stockholders and an applicable notarial document, the regional court in Lublin issued an order to raise the stock capital. This was at the beginning of 1991.

In the summer, people in the company were being laid off because there still were no orders and furthermore the proportions between the employees in administration and in production were unfavorable.

As a result, a conflict arose between Sipma and its main founder, the Lublin Factory, a conflict which even the visit of Minister Janusz Lewandowski in the fall did not put to rest. In November, the same regional court, at a closed meeting, made a decision to delete, from the trade register, the entry on increasing the stock capital.

Director Hubert Kierkowski from the Ministry of Ownership Transformations reported this fact, saying that the treasury office and the Supreme Chamber of Control had called attention to the irregularity, and that the court's verdict had already gone into force (we already wrote about this in RZECZPOSPOLITA).

A couple of days later I talked with the representatives of Sipma: the managing director, Henryk Dabrowski, and

the assistant director for economic and financial affairs, Jacek Ras, who said that the representative of the ministry... lied. There were no such reservations on the part of the control organs, and at the last minute the company's board appealed the court's decision. The authors speaking on this subject are not defending their own hides because they have already resigned (the board accepted J. Ras' resignation and H. Dabrowski's resignation will be considered at the stockholders general meeting).

The representatives of Sipma tried to prove that the new Italian partner had no bad intentions, as was ascribed to him in the Ministry of Ownership Transformation. At Same's instructions, an American consulting firm is preparing a restructuring program. The Italians intended to exchange the materials contribution for cash amounting to \$3.8 million, and to lease the machines and equipment to the company. They also traveled to the Polish debtors requesting an extension on the debt payments, promising in return that there will be further orders after new production of farm tractors is begun. They were to be sold in Western Europe through a network of the Same firm. Thanks to the entry into the firm of still one more partner—the Commercial Bank in Warsaw—which agreed to exchange Sipma's debt for stock, the Polish side would have obtained a majority, i.e., 65 percent, of the shares in the company.

Why then, was the ministry's intervention, which led to the court invalidating the increase in the stock capital, and by so doing, the withdrawal of the Same firm, necessary?

According to ministry representatives, this was to defend the Polish side.

But now Same will not give the machines (the contribution was to be made by 31 December 1991, and the fixing of the deadline, which conflicts with the commercial code, became the formal basis for the court's decision, although it could have proposed simply the elimination of the irregularity in the agreement), and will probably take back the \$700,000 it has already put in. It can also demand return of the costs of the preparation of a restructuring program. And instead of the budding hopes for emergence from the impasse, the company may find itself in deep trouble.

—At least if the court's verdict had fallen after the new year, the company's obligations to Same would not be as great, because we would have had the argument that they did not meet the 31 December deadline—say the representatives of Sipma.

Given this situation, the general stockholders meeting came out against the board's decision and came to the conclusion that it will not appeal the court's decision. The acceptance of director Henryk Dabrowski's resignation and that of the president of the company, who also wanted to leave, were held up until the restructuring program is ready.

**Attempt To Statistically Categorize Addictions**

92EP0150A Warsaw TRYBUNA in Polish 16 Dec 91  
p 3

[Article by Anna Kwiatkowska: "Addiction"]

[Text] Approximately 6,000 people, almost 3,000 in hospitals and rehabilitation centers, are being treated, but it is not known how many addicts there really are in Poland. Not all of them are registered. Attempts to calculate this "black number" are based on various factors. Some multiply by two, others by 20.

Why do they use drugs? There are many theories. None proves correct in all cases. Some turn to drugs out of curiosity, others from the pressures of society, still others because they feel unappreciated, unneeded, cannot comprehend and understand the world around them. Nor is there a rule saying from which environment addicts come.

But the feeling of menace that follows both addicts and those around them is common.

**The Family Suffers**

Every day dozens of people come to the consultation centers of the Society for Family and Friends of Addicted Children, "Back From Addiction." My child is an addict, they say. They are helpless. Their pride and joy is often 12 or 13 years old. What can we do, they ask.

The discussions are difficult. Young addicts most often conceal their dependence. In secret they take various objects from home and sell them dirt cheap, to have enough for a fix. Often they swindle money from their parents. They say it is for food or school supplies. How does one refuse a child? How does one help him? Society has organized therapeutic sessions for parents. The instructors are mainly those who have taught themselves how to live with the addiction of their child. It turns out that overcoming the stress that comes from constantly hiding the tragedy and telling oneself and others that it is not true that one has an addict in the family is not easy to do. Also difficult to conquer is fear.

Seventy percent of the registered carriers of the HIV virus in Poland are addicts. Members of the society learn the basic rules of hygiene in a home with an infected family member. Some of the families try to observe them and accept the sick child. Others cannot overcome their dread.

Often parents are faced with a choice—we have two children, they say, what will happen if the other is infected? Explanations that this is not very likely using an appropriate routine are sometimes effective, sometimes not. Then the society attempts to find an appropriate center. But not everyone wants to be treated. It often happens that they run away—they decide to live their own life with their addiction. As a rule, this bears fruit in conflict with the law, sooner or later. Thefts, robberies, and a feeling of impunity. Who would do

anything to an HIV carrier? Who would expose himself to infection? It often happens that an official, at the very statement "I have AIDS," lets the delinquent go. They will do anything in order to get a fix. A boy sells his girlfriend, sometimes offers one of his organs, a kidney for a transplant, or another organ. Then, of course, he does not admit he is a carrier.

**What Are They Using?**

The youngest are mainly inhalers. The materials that can be used to get high are available in nearly every shop. Later there are cocktails or powders. The laws prohibiting poppy cultivation in certain regions of Poland have changed nothing. Uncultivated plots are an adequate source of raw materials.

So-called heavy narcotics are turning up more often: heroin, amphetamines. Some are brought in from abroad. This is illegal, of course. But possession of narcotics is lawful. In Poznan, in the sight of officials, a young man threw a pot of partially cooked cocktail out the window. There was no evidence. The vagueness of the terms "significant amount of narcotics," "storage," "offering for sale" makes the prosecution of these offenses more difficult. The manufacturers feel safe, especially since they usually assemble coworkers around themselves. So the responsibility is spread out.

**The Law**

The 1985 law on addiction prevention actually classified some activities that promote the growth of drug use as crimes, but it left the possession and use of narcotics as nonpunishable acts. So the free choice was set: Use if you want, get treatment if you want. This left the gate open for dealers, for instance. On the other hand, the legislators felt that a ban on the use or possession of drugs infringes on individual freedom. The effects—a decrease in the age of addicts, an increase in the number of users, an ever increasing number of conflicts with the law, an increase in the number of deaths caused by overdoses.

Also significant is the peculiar lack of interest in the problem of addiction. At the beginning of the 1980's, deputy premiers frequently took part in meetings of the Committee on Addiction Prevention. Today it is almost exclusively employees of the Ministry of Health who are involved in this issue. Well, in our complicated political economic reality, social problems have taken a back seat. The Foundation for Addiction Prevention has also ceased to exist. Money was earmarked in the budget for this purpose. In connection with this, it reaches interested parties irregularly; moreover, it must be spent within a narrowly defined time limit.

**Lack of Systemic Action**

It is hard to talk about some sort of systemic action. It is also hard to talk about competent research on the state of causes and effects of addiction. A good many publications on this subject have appeared. Numerous meetings and symposiums have been organized. But it is hard to



talk about cooperation among barely ten associations dealing with this problem in Poland. There is a good deal of animosity. Some of it is related to methods of treating and preventing addiction, some to personal conflicts. Naturally, when it is necessary to help a specific person, the possibility of cooperation always exists. But one cannot say that anyone is dealing with the whole of the problem. MONAR [Young Peoples Movement to Combat Drug Addiction] has created its own autonomous system, as it were. But this is only a drop in the ocean of needs.

Another matter is the resocialization of those already treated. It frequently happens that upon a son or daughter's returning home after treatment, the parents throw him or her out. "We do not want an addict in our house," they say. And the whole treatment is for nothing.

It is also hard to talk about cooperation with the labor ministry, for example. Often a treated addict is offered money, and he really does not know what to do with it. Perhaps because of the carelessness in this area, the number of addicts over 25 years old is growing constantly. They are recruited mainly from among those who theoretically have been cured.

The problem is growing constantly. On one hand, public fear and the nonacceptance resulting from it give rise to protests against the location of MONAR centers for addicts and HIV carriers; on the other hand, the need to treat addicts and for prevention gives rise to a stalemate. One thing is certain. To resolve it, cooperation is crucial, not only with addicts and their families, but also with appropriate agencies. Especially since the threats associated with both the standard of living and the social situation produce even more stress. More and more sedatives and pain medications are being prescribed by doctors. And that is how it all begins.

### **Hallucinogenic Mushrooms Used by Young People**

92EP0150B Warsaw GAZETA WYBORCZA in Polish  
12 Dec 91 p 15

[Article by Adam Wajrak: "Smooth Capping"]

[Text] The hallucinogenic properties of certain mushrooms have been known to mankind for several thousand years. Warsaw high school students discovered them four years ago.

Nineteen-year-old Slim is reputed to be the greatest connoisseur of mushrooms. He knows how to gather and how to enjoy them. Slim says modestly that he does this very rarely, only in the fall, during mushroom season.

### **The Meadow Is Large**

It is probably two hectares. On one side it borders a forest, on the other a small village. Slim says the best

mushrooms grow near the forest. We take off our knapsacks. Slim takes out a small folio pouch and ties it to his wrist with a string.

"That is so I can pick with both hands," he explains. He squats and begins to rummage in the clumps of grass.

In the distance, beyond the tall grass, several heads poke up—the gatherers from time to time rise and straighten their backs. There are about 10 people in the meadow, mostly teenagers.

### **The Mushrooms Are Small**

They have painted brownish-white caps the size of a thumbtack and slender, three-centimeter stems. In the *Little Atlas of Mushrooms* none resembles those from Slim's folio pouch. On the cap of the largest mushroom I notice green smudges.

"Those are the best," says Slim.

I ask if he knows the mushrooms' scientific name.

"Psilocybin, but most often they are called sacred mushroom or just little mushrooms."

In less than an hour my companion finishes his harvesting. He has about 60 mushrooms—enough for today.

"I am going to a dance," he explains with a smile.

### **A Moment in Paradise**

A blond with a trimmed beard who is devoting himself to mushroom gathering in our plot has probably a hundred sacred mushrooms. He has been picking for two hours. He rises from his crouch and rubs his freezing hands. They begin to chat with Slim. Like mushroom fanciers vying for boletus and champignons.

Two boys come up. They are 16 or 17 years old.

They live in the village nearby. They like to come to the meadow because they can always talk to someone here, and it is boring in the village. They are holding mushrooms in their hands. They say they are harvesting for a friend and his girl, who want to see what it is like "after the mushrooms."

"A friend from Warsaw told us we would be in paradise for a while."

That was three years ago; since then they have been gathering every autumn, but they themselves eat the mushrooms rather rarely.

Slim notices friends—Konrad and Skull. They have their pickings spread out on a newspaper.

"We have picked probably 200 mushrooms." Skull is pleased. "We are going to exchange them for something stronger in Holland."

"Have you seen them?" Konrad points out a red "little Fiat." "I think they are dealers."

Boys in preshrunk jeans and colorful nylon jackets have spread out an awesome number of mushrooms on the hood of a car. One of them counts out 60 or 70 pieces and packs them into envelopes. On each one he notes how many mushrooms are inside. I ask about the price of mushrooms in Warsaw.

"Last year in winter they were going for 2,000 zlotys [Z] apiece. Now they will probably be going for Z4,000," he says and goes back to work.

#### Migrating Storks

"I tell you, they wander around the meadow like migrating storks without a nest. Sometimes they are here at 0700 hours in the morning. I would send them to some kind of work camp," says a man in work clothes in the village.

A woman complains that children are afraid to go through the meadow to school, others are upset because trash, bottles, and cans are left in the meadow. Someone cries that the cows cannot be grazed, yet they are afraid to chase the gatherers out, because such youths might even set fire to the barn.

I ask if anyone has seen the mushrooms and whether they know why they are so sought after.

No one knows. One older man steps out from the yard.

"One of them showed me once in the meadow," he recalls. "They say they see the world in rosy colors afterwards, but supposedly if you eat more—you can go around the bend."

On the return bus, several people are sorting mushrooms, comparing their harvests. One skinny boy describes his intoxication after eating mushrooms. He says the hallucinations appear 20 minutes after "tossing." Fanciers of sacred mushrooms, instead of "eating" mushrooms, say "toss" or "mushroom down."

On the bus, someone has scrawled on the seat with a marker: "psylocybyne good halucynation."

Hallucinogenic mushrooms harvested by high school students belong to the smooth cap family.

According to professor Tadeusz Chrusciel of the Clinical Pharmacology Institute of the Medical Academy, psilocybin, included among the smooth caps, is a powerful psychotropic substance. Twenty mushrooms contain six to nine mg of psilocybin, and that is a very large portion. My acquaintances from the meadow are "tossing" 40 to 60 mushrooms at once.

### **Allegations of Wrongdoing Against Minister Basescu**

92BA0368E Bucharest ROMANIA LIBERA  
in Romanian 28-29 Dec 91 p 2

[Article by Alexandru Mihalcea: "The 'Crisana' Case—One Hypothesis"]

[Text] On 20 September of this year ROMANIA LIBERA carried an article with the title "Two Ship Pilots Ask To Take the Floor," and the subtitle "Minister of Transportation and Inspector General Under Accusation." At the time we cited without commentary the statements made by Clim Sabin, former head of the group of ship pilots, and Vasile Dumitru, leader of the Free Trade Union of Maritime Danube Pilots, and concluded by stating that "upon our remark regarding the seriousness of the accusations made against Mr. Basescu and Mr. Suteu, inspector general of Civil Navigation, the two pilots answered that they were willing to defend them in court." More than three months have passed since that article. Mr. Basescu managed to survive the fall of the Roman government and to join the new executive body. His reaction to the ROMANIA LIBERA article and to the more detailed article that appeared in the Tulcea newspaper DELTA was limited to a phone call placed by one of his secretaries to our editorial office and by the visit of a young attorney (we have not found out whether he belonged to the Transportation Ministry legal advisers or had been personally hired by the minister) at the DELTA and at the Prosecutor's Office in Tulcea. Both persons insistently inquired as to where chief editor N. Amihulesi and myself had been contacted by the pilots. I repeat, insistently, but for the time being I will refrain from commenting on that point. There followed a series of articles about the doubled amount spent to "repair" the vessel Crisana in Yokohama, which had to be subjected to additional repairs once it returned to Constanta. The expenditure was in excess of \$7 million. This time, the minister did not react. He used the healthy method of the former prime minister, which consisted of simply ignoring any inquiry. Equally interesting was the attitude of Mr. Stolojan, a financier by profession, who cannot possibly be suspected of not knowing what it means to spend \$7 million on repairing a vessel, rather than half that amount. Recently, someone who seems to be familiar with the business and to whom I promised not to reveal his identity (but not to not publish his statement), told me the following: "I read the articles and I can tell you that at most \$400,000 may have been spent more than the estimate. There is no point in your and other newspapers writing that the rest of the money went to the FSN [National Salvation Front]." At first, I was literally shocked. But after some dispassionate thinking I told myself that the man must have known something. Unless—although such a hypothesis is hard to believe—he was just talking through his hat. Perhaps he had heard something from someone else. But if what he said was true, it would explain a lot of things. Anyway, a few million dollars are not a trifle, and if no one among those

who should most carefully handle public money shows any signs of caring about it more than they would care for the disappearance of a puppy (as I wrote before), I, as a journalist, feel bound by my own conscience to notify both the Parliament and the public of what I found out. I would be happy to learn that the real facts are different or that there is nothing to it. However, as long as no one among those concerned shows any sign of wanting to know the truth, any hypothesis is permissible.

P.S. After Minister Basescu's press conference, objectively described by my colleague Eliade Balan in the 25 December issue of the paper, I will evidently ask the minister for an interview. Cards on the table.

### **Senator Criticizes Roman's Leadership of FSN**

92BA0368C Bucharest DIMINEATA in Romanian  
28-29 Dec 91 pp 1, 5

[Interview with Senator Ion Neagu by Ionel Dumitru; place and date not given: "Doctrine and Morality Explained"]

[Text] [Dumitru] You are the senator who recommended the establishment of a parliamentary commission of investigation to examine all the existing data on possible law violations under the government led by Petre Roman. How was your suggestion received in the Senate?

[Neagu] It was applauded by some of my colleagues in the Senate. Initially the request was signed by eight FSN [National Salvation Front] senators. Later, after the presentation in the plenum, several colleagues from the FSN parliamentary group and from the opposition asked to sign it. So far (ed. note: 19 December 1991), 41 senators from all the parliamentary groups have joined this initiative. Unfortunately, it did not get much attention on television. The radio, your newspaper, and ADEVARUL promptly reported it to the listeners and readers; thanks to the "care" of the Information Department, the television audience has been kept away from the "riotous" world of the Senate.

[Dumitru] Recently, three FSN county organizations requested a special meeting of the FSN national convention for the purpose of clearing up ideological issues. How would you describe the present situation prevailing in the government party?

[Neagu] I would compare it to a youth who is showing signs of maturing. The present crisis of the Front is painful, but necessary. Mr. Roman's attacks on the office of the president were in fact the straw that broke the camel's back. Not because the president happens to be Mr. Ilescu, but because the actions of the FSN leader looked like an act of revenge for his own impotence. Those were the reasons for the subsequent events. In fact, the Front wants some explanations on matters of doctrine and morality. Mr. Roman no longer thinks like us, nor is he signaling any willingness to relent in any

way. By "us," I mean those faithful to the ideals stemming from December 1989 and to the ideas of social democracy. We want an FSN united around those points. We received many signals from the country showing that we are on the right track and that the Front will regain the attention it deserves.

[Dumitru] Two prominent political personalities, symbols of the December revolution, have, two years later, come to have serious differences. What do you think led to the rift between President Ion Iliescu and former Prime Minister Petre Roman?

[Neagu] As you well know, Mr. Petre Roman and his newspaper AZI caused this rift. Their attacks on President Ion Iliescu were even harsher, for example, than those staged by the ROMANIA LIBERA daily. Political statements were made on behalf of the FSN with which we do not agree. For example, withdrawing its political support from Mr. Iliescu. That statement by Mr. Roman was neither topical nor true. All it did was to reveal a certain way of thinking and a certain intention.

[Dumitru] Mr. Petre Roman has come under much criticism from both the right and the left of the political spectrum. The FSN national leader is said to have evinced "dictatorial tendencies and attempts at feudal relations." What do you hold against Mr. Petre Roman?

[Neagu] The criticism is generally centered on the outcomes of his government. I would not say that he showed dictatorial tendencies in his behavior. Except that he has difficulty accepting opposing views and does not give in or cede to justified arguments. What I hold against him is his contempt for the ordinary people and his undeclared intention to break off a large "slab" of the Front and go with it elsewhere.

#### **Youth Minister on Problems, Corrective Measures**

92BA0368A Bucharest DIMINEATA in Romanian  
28-29 Dec 91 pp 1, 5

[Interview with Ioan Moldovan, youth and sports minister, by C. Pompiliu; place and date not given: "Blank Check for a Minister"]

[Text] Short biographical note: Born 10 March 1948 in the Chinza commune, Bistrita-Nasaud County; law school graduate; worked as inspector for the Labor Directorate in Salaj County and as criminal law prosecutor at the same county's Prosecutor's Office; after the revolution served as secretary of the FSN [National Salvation Front] organization in Salaj and then as deputy chairman of the FSN Steering Council; on 20 May 1990 was elected deputy for the FSN; currently serves as chairman of the Salaj County FSN Organization and is a member of the bureau of the FSN Steering Collegium; proposed by the FSN to the Stolojan government and confirmed by Parliament on Wednesday, 16 October 1991; married, two children.

Mr. Ioan Moldovan had hardly settled down in the ministerial seat on the first floor of the building on 16, Vasile Conta St., when he was already attacked by one of the sports newspapers for having come in "first or third in the 90 m juniors hurdle race of the 1984 national student championships." Seemingly to everyone's satisfaction, it was revealed that he had won the bronze medal at the national competition of intermediary physical education schools in the year in question. As if that had been the most important thing to establish among the vast areas under the care of the ministry. In the wake of a series of consultations with various personalities of the Romanian sports scene, the first having been with Senator Lia Manoliu, chairman of the Romanian Olympic Committee, the minister gained a clear image of the demands and objectives of his new job. By mid-November we found him in the vicinity of Galati, where he went to "arbitrate" a dispute between the County Youth Foundation and the Danubius Foundation regarding ownership of the former House of Science and Technology in the municipality at mile marker 80. The opportunity of that meeting was not missed by this reporter, especially as he had the honor of being the only press representative on the spot, so I asked the minister for an interview.

[Pompiliu] First of all, congratulations on your appointment and good luck in your new activities.

[Moldovan] In this post I do not embark on unexplored land, especially since at the MTS [Ministry of Youth and Sport] it was not a break, but a relay race, and I am on friendly terms with my predecessor, Bogdan Niculescu-Duvaz. In the very first few hours I realized that the sports area needs a legal framework. I am considering one law as a framework for sports and one regarding sponsorship. Until such time, the task of the experts is to draft legal acts, amendments, orders, and regulations. The budgets need to be supplemented. We are examining the regulations of the federations and studying the gradual transition of all the federations to an autonomous status in keeping with their potential and performance, without discrimination. Legally, most of the federations already are autonomous, but not financially. Romania is a force in the area of world and Olympic athletics. We are struggling to find a solution for school athletics, which is the most important source of selection for the performance sports. We are studying the requirements and we will coordinate our viewpoints in order to find some solutions in conjunction with the Ministry of Education and Science. Along this line, in a few days time we will sign a protocol between the two ministries. We also intend to gradually introduce professional sports and to work out a special program for training our teams for the Winter Olympics in Albertville (France) and for the 1992 summer Olympics in Barcelona (Spain), so as to avoid the rigors of winter and allow them to train in countries with a milder climate. All these measures will provide a legal framework for sports and will give the sponsors an opportunity, like in all the developed countries, to enjoy the fruits of performances that will undoubtedly not be slow in maturing.



[Pompiliu] How about the MTS assets?

[Moldovan] We will revise some of the rents, which are exaggerated, and will adopt more realistic tariffs. In principle, I am not against having them transferred to clubs, associations, or federations. As soon as possible I intend to issue an order under which sports facilities will not be used for any other events, thus deflecting from their purpose. The first condition is to obtain revenues. Currently any talented person can and must make a living from his skills and work. The athletes must not be denied that right.

[Pompiliu] So far we have been persuaded that you will serve the idea of athletics in your office. But tell us a few things about the program of actions in the area of youth affairs.

[Moldovan] Unfortunately, currently the Youth Department is not working as it should, like an administration, but rather like a laboratory; in other words, it is not correctly structured and is not related to the Romanian youth. While the Sports Department has specialized bodies in the field, the youth personnel come to the ministry with each and every problem. Consequently, we have drafted a decision, which we have submitted to the government, for establishing youth and sports offices in each county, considering that we have 150 youth vacancies throughout the country. We also intend to adopt a coherent manner of dealing with the affairs of the two departments against the background of a viable cooperation or coexistence. We are promoting a special sports program for the youth and as for the Sports Law, we hope that Parliament will delegate competencies to us

until such a law is promulgated. The most important thing is not to endlessly politicize, but to map out a clear policy for the MTS.

[Pompiliu] Do you think that the present youth policy is satisfactory along this line?

[Moldovan] Not at all. That is why in the near future we will focus on improving the forms of association, especially since currently only 2 percent of the number of Romanian youths belong to voluntary associations. The structure will take into account cultural activities, leisure (spending free time), youth social protection, and establishing organizations—at first governmental, with the help of state budget allocations, and then with foreign partners—that will gradually become autonomous units. As examples among the latter I would cite the string of ERIRA-type data and information centers that we established in cooperation with the French and with government support. I would like especially your colleagues in the profession to know that the youth affairs are not handled by other ministerial fora, but by us.

[Pompiliu] You have our blank check and our wishes for the necessary solutions, but before ending we would like to ask you what changes are being made and will be made in your ministry?

[Moldovan] At the Sports Department we relieved Mr. Cornel Dinu from his post and appointed instead Cristian Gatu, former chairman of the Steaua Club and an excellent handball player and athlete. The "helm" of the Youth Department has been taken by Ioan Dan Trestian, the former director of the National Center for Youth Affairs. We plan to make changes in the management of some of the federations, which for the time being we are keeping secret. You can see why. I would like, through your newspaper, to assure all the readers that during my term in office the MTS leadership will work to honor its mandate, i.e., to fulfill its duties in exemplary fashion.

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5285 PORT ROYAL RD  
SPRINGFIELD VA

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